



**Auditor of State
Betty Montgomery**

**DELAWARE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DELAWARE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Delaware County Joint Vocational School District
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Delaware County Joint Vocational School District, Delaware 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 Delaware County Joint Vocational School District, Delaware County, Ohio, as of June 30, 2002, and the results of its operations and the cash flows of its enterprise funds 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 March 12, 2003, 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 12, 2003

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Delaware Joint Vocational School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,261,694	\$122,691	\$350,000	\$517,102
Receivables:				
Property Taxes	6,321,410	0	0	1,010,094
Accounts	2,075	634	0	0
Intergovernmental	32,455	84,203	0	76
Interfund	326,819	0	0	0
Accrued Interest	17,077	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Items	96,211	9,419	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	71,408	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	49,102	0	0	0
Advances to Other Funds	94,142	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	\$10,272,393	\$216,947	\$350,000	\$1,527,272

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$50,378	\$27,903	\$0	\$0	\$4,329,768
0	0	0	0	7,331,504
6,069	0	0	0	8,778
5,776	0	0	0	122,510
0	0	0	0	326,819
0	0	0	0	17,077
182	0	0	0	182
5,096	0	0	0	110,726
1,783	0	0	0	1,783
539	0	0	0	71,947
0	0	0	0	49,102
0	0	0	0	94,142
37,018	0	10,714,980	0	10,751,998
0	0	0	350,000	350,000
0	0	0	936,297	936,297
<u>\$106,841</u>	<u>\$27,903</u>	<u>\$10,714,980</u>	<u>\$1,286,297</u>	<u>\$24,502,633</u>

(continued)

Delaware Joint Vocational School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002
 (continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity, and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$59,104	\$16,989	\$0	\$133,150
Retainage Payable	0	0	0	1,025
Accrued Wages and Benefits	579,964	41,338	0	0
Compensated Absences Payable	13,867	0	0	0
Intergovernmental Payable	125,236	6,058	0	0
Interfund Payable	0	305,724	0	0
Due to Other Funds	72	110	0	0
Due to Students	0	0	0	0
Deferred Revenue	4,588,700	48,759	0	720,821
Advances from Other Funds	0	0	0	0
Building Assistance Loan Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Total Liabilities	5,366,943	418,978	0	854,996
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Contributed Capital	0	0	0	0
Fund Balance:				
Reserved for Property Taxes	1,749,622	0	0	289,335
Reserved for Budget Stabilization	49,102	0	0	0
Reserved for Advances	94,142	0	0	0
Reserved for Encumbrances	184,911	50,925	0	304,347
Unreserved (Deficit)	2,827,673	(252,956)	350,000	78,594
Total Fund Equity (Deficit) and Other Credits	4,905,450	(202,031)	350,000	672,276
Total Liabilities, Fund Equity, and Other Credits	\$10,272,393	\$216,947	\$350,000	\$1,527,272

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$5,650	\$0	\$0	\$0	\$214,893
0	0	0	0	1,025
48,461	0	0	0	669,763
8,512	0	0	488,644	511,023
15,637	0	0	2,524	149,455
18,745	2,350	0	0	326,819
0	0	0	0	182
0	25,553	0	0	25,553
0	0	0	0	5,358,280
94,142	0	0	0	94,142
0	0	0	350,001	350,001
0	0	0	355,000	355,000
0	0	0	90,128	90,128
<u>191,147</u>	<u>27,903</u>	<u>0</u>	<u>1,286,297</u>	<u>8,146,264</u>
0	0	10,714,980	0	10,714,980
(133,525)	0	0	0	(133,525)
49,219	0	0	0	49,219
0	0	0	0	2,038,957
0	0	0	0	49,102
0	0	0	0	94,142
0	0	0	0	540,183
0	0	0	0	3,003,311
<u>(84,306)</u>	<u>0</u>	<u>10,714,980</u>	<u>0</u>	<u>16,356,369</u>
<u>\$106,841</u>	<u>\$27,903</u>	<u>\$10,714,980</u>	<u>\$1,286,297</u>	<u>\$24,502,633</u>

Delaware Joint Vocational School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types			Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
<u>Revenues:</u>					
Property Taxes	\$6,417,402	\$0	\$0	\$1,317,609	\$7,735,011
Intergovernmental	3,474,685	617,249	0	213,618	4,305,552
Interest	74,223	323	0	0	74,546
Tuition and Fees	39,069	0	0	0	39,069
Rent	37,071	0	0	0	37,071
Extracurricular Activities	0	10,132	0	0	10,132
Gifts and Donations	119	205,700	0	0	205,819
Miscellaneous	53,511	0	0	0	53,511
Total Revenues	<u>10,096,080</u>	<u>833,404</u>	<u>0</u>	<u>1,531,227</u>	<u>12,460,711</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	774,846	0	0	0	774,846
Vocational	3,712,461	665,582	0	0	4,378,043
Adult/Continuing	19,422	107,278	0	0	126,700
Support Services:					
Pupils	292,490	91,043	0	0	383,533
Instructional Staff	215,975	113,652	0	0	329,627
Board of Education	46,758	0	0	0	46,758
Administration	1,341,981	82,937	0	0	1,424,918
Fiscal	483,743	0	0	56,994	540,737
Operation and Maintenance of Plant	1,063,962	0	0	0	1,063,962
Pupil Transportation	22,630	0	0	0	22,630
Central	96,379	12,500	0	1,500	110,379
Non-Instructional Services	0	93	0	0	93
Extracurricular Activities	27,008	8,108	0	0	35,116
Capital Outlay	46,370	0	0	898,715	945,085
Debt Service:					
Principal Retirement	20,769	0	93,333	74,776	188,878
Interest and Fiscal Charges	7,032	0	21,165	8,467	36,664
Total Expenditures	<u>8,171,826</u>	<u>1,081,193</u>	<u>114,498</u>	<u>1,040,452</u>	<u>10,407,969</u>
Excess of Revenues Over (Under) Expenditures	<u>1,924,254</u>	<u>(247,789)</u>	<u>(114,498)</u>	<u>490,775</u>	<u>2,052,742</u>
<u>Other Financing Sources (Uses):</u>					
Inception of Capital Lease	27,921	0	0	0	27,921
Operating Transfers In	0	0	81,165	0	81,165
Operating Transfers Out	(302,779)	0	0	0	(302,779)
Total Other Financing Sources (Uses)	<u>(274,858)</u>	<u>0</u>	<u>81,165</u>	<u>0</u>	<u>(193,693)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,649,396	(247,789)	(33,333)	490,775	1,859,049
Fund Balances at Beginning of Year	3,256,054	45,758	383,333	181,501	3,866,646
Fund Balances (Deficit) at End of Year	<u>\$4,905,450</u>	<u>(\$202,031)</u>	<u>\$350,000</u>	<u>\$672,276</u>	<u>\$5,725,695</u>

See Accompanying Notes to the General Purpose Financial Statements

Delaware Joint Vocational School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$6,076,672	\$5,630,622	(\$446,050)	\$0	\$0	\$0
Intergovernmental	3,146,976	3,474,667	327,691	676,754	632,444	(44,310)
Interest	200,000	78,227	(121,773)	400	323	(77)
Tuition and Fees	40,450	39,168	(1,282)	6,000	1,460	(4,540)
Rent	42,000	37,071	(4,929)	0	0	0
Extracurricular Activities	0	0	0	8,000	9,498	1,498
Gifts and Donations	0	119	119	522,504	205,700	(316,804)
Miscellaneous	14,192	3,250	(10,942)	0	0	0
Total Revenues	<u>9,520,290</u>	<u>9,263,124</u>	<u>(257,166)</u>	<u>1,213,658</u>	<u>849,425</u>	<u>(364,233)</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	828,447	772,486	55,961	1,482	0	1,482
Vocational	3,990,681	3,797,949	192,732	746,255	697,613	48,642
Adult/Continuing	5,488	8,924	(3,436)	96,979	93,579	3,400
Support Services:						
Pupils	336,306	293,007	43,299	105,991	105,991	0
Instructional Staff	247,072	226,527	20,545	131,210	117,568	13,642
Board of Education	64,386	58,342	6,044	0	0	0
Administration	1,438,095	1,392,697	45,398	116,128	97,888	18,240
Fiscal	558,203	499,579	58,624	0	0	0
Operation and Maintenance of Plant	1,204,513	1,141,394	63,119	0	0	0
Pupil Transportation	25,105	22,630	2,475	96	0	96
Central	133,223	132,264	959	19,442	13,549	5,893
Non-Instructional Services	0	0	0	8,092	93	7,999
Extracurricular Activities	32,304	29,503	2,801	10,334	8,435	1,899
Capital Outlay	19,300	18,449	851	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>8,883,123</u>	<u>8,393,751</u>	<u>489,372</u>	<u>1,236,009</u>	<u>1,134,716</u>	<u>101,293</u>
Excess of Revenues Over (Under) Expenditures	<u>637,167</u>	<u>869,373</u>	<u>232,206</u>	<u>(22,351)</u>	<u>(285,291)</u>	<u>(262,940)</u>
<u>Other Financing Sources (Uses):</u>						
Refund of Prior Year Expenditures	0	21,279	21,279	0	0	0
Advances In	126,848	75,645	(51,203)	0	305,724	305,724
Advances Out	(324,469)	(324,469)	0	(65,600)	(65,600)	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(302,779)	(302,779)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(500,400)</u>	<u>(530,324)</u>	<u>(29,924)</u>	<u>(65,600)</u>	<u>240,124</u>	<u>305,724</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>136,767</u>	<u>339,049</u>	<u>202,282</u>	<u>(87,951)</u>	<u>(45,167)</u>	<u>42,784</u>
Fund Balances at Beginning of Year	2,587,680	2,587,680	0	52,248	52,248	0
Prior Year Encumbrances Appropriated	157,276	157,276	0	48,688	48,688	0
Fund Balances at End of Year	<u>\$2,881,723</u>	<u>\$3,084,005</u>	<u>\$202,282</u>	<u>\$12,985</u>	<u>\$55,769</u>	<u>\$42,784</u>

(continued)

Delaware Joint Vocational School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002
 (continued)

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$0	\$0	\$0	\$1,318,339	\$1,335,803	\$17,464
Intergovernmental	0	0	0	187,341	213,604	26,263
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,505,680</u>	<u>1,549,407</u>	<u>43,727</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	0	0	0	0	0	0
Vocational	0	0	0	630,215	628,958	1,257
Adult/Continuing	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	61,554	56,994	4,560
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	6,000	6,000	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	661,079	660,315	764
Debt Service:						
Principal Retirement	703,333	703,333	0	0	0	0
Interest and Fiscal Charges	37,239	35,631	1,608	0	0	0
Total Expenditures	<u>740,572</u>	<u>738,964</u>	<u>1,608</u>	<u>1,358,848</u>	<u>1,352,267</u>	<u>6,581</u>
Excess of Revenues Over (Under) Expenditures	<u>(740,572)</u>	<u>(738,964)</u>	<u>1,608</u>	<u>146,832</u>	<u>197,140</u>	<u>50,308</u>
<u>Other Financing Sources (Uses):</u>						
Refund of Prior Year Expenditures	0	0	0	0	11	11
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Operating Transfers In	740,572	705,631	(34,941)	0	0	0
Operating Transfers Out	0	0	0	(624,466)	(624,466)	0
Total Other Financing Sources (Uses)	<u>740,572</u>	<u>705,631</u>	<u>(34,941)</u>	<u>(624,466)</u>	<u>(624,455)</u>	<u>11</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(33,333)	(33,333)	(477,634)	(427,315)	50,319
Fund Balances at Beginning of Year	383,333	383,333	0	310,373	310,373	0
Prior Year Encumbrances Appropriated	0	0	0	196,547	196,547	0
Fund Balances at End of Year	<u>\$383,333</u>	<u>\$350,000</u>	<u>(\$33,333)</u>	<u>\$29,286</u>	<u>\$79,605</u>	<u>\$50,319</u>

See Accompanying Notes to the General Purpose Financial Statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$7,395,011	\$6,966,425	(\$428,586)
4,011,071	4,320,715	309,644
200,400	78,550	(121,850)
46,450	40,628	(5,822)
42,000	37,071	(4,929)
8,000	9,498	1,498
522,504	205,819	(316,685)
14,192	3,250	(10,942)
<u>12,239,628</u>	<u>11,661,956</u>	<u>(577,672)</u>
829,929	772,486	57,443
5,367,151	5,124,520	242,631
102,467	102,503	(36)
442,297	398,998	43,299
378,282	344,095	34,187
64,386	58,342	6,044
1,554,223	1,490,585	63,638
619,757	556,573	63,184
1,204,513	1,141,394	63,119
25,201	22,630	2,571
158,665	151,813	6,852
8,092	93	7,999
42,638	37,938	4,700
680,379	678,764	1,615
703,333	703,333	0
37,239	35,631	1,608
<u>12,218,552</u>	<u>11,619,698</u>	<u>598,854</u>
<u>21,076</u>	<u>42,258</u>	<u>21,182</u>
0	21,290	21,290
126,848	381,369	254,521
(390,069)	(390,069)	0
740,572	705,631	(34,941)
(927,245)	(927,245)	0
<u>(449,894)</u>	<u>(209,024)</u>	<u>240,870</u>
(428,818)	(166,766)	262,052
3,333,634	3,333,634	0
402,511	402,511	0
<u>\$3,307,327</u>	<u>\$3,569,379</u>	<u>\$262,052</u>

Delaware Joint Vocational School District
 Combined Statement of Revenues, Expenses,
 and Changes in Fund Equity
 Enterprise Funds
 For the Fiscal Year Ended June 30, 2002

Operating Revenues:

Tuition	\$310,019
Sales	142,639
Charges for Services	119,463
Total Operating Revenues	572,121

Operating Expenses:

Salaries	636,418
Fringe Benefits	148,293
Purchased Services	26,186
Materials and Supplies	139,792
Cost of Sales	102,772
Depreciation	6,174
Total Operating Expenses	1,059,635

Operating Loss	(487,514)
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Non-Operating Revenues:

Federal Donated Commodities	336
Operating Grants	190,068
Interest	300
Total Non-Operating Revenues	190,704

Loss before Operating Transfers	(296,810)
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Operating Transfers In	221,614
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Net Loss	(75,196)
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Retained Earnings (Deficit) at Beginning of Year	(58,329)
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Retained Earnings (Deficit) at End of Year	(133,525)
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Contributed Capital at Beginning and End of Year	49,219
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Total Fund Equity (Deficit) at End of Year	(\$84,306)
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See Accompanying Notes to the General Purpose Financial Statements

Delaware Joint Vocational School District
 Combined Statement of Revenues, Expenses,
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 Enterprise Funds
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$294,000	\$334,930	\$40,930
Sales	173,875	147,033	(26,842)
Charges for Services	174,977	119,423	(55,554)
Operating Grants	185,500	189,840	4,340
Interest	0	300	300
Total Revenues	<u>828,352</u>	<u>791,526</u>	<u>(36,826)</u>
<u>Expenses:</u>			
Salaries	643,609	634,013	9,596
Fringe Benefits	161,076	147,587	13,489
Purchased Services	30,295	28,880	1,415
Materials and Supplies	319,780	244,006	75,774
Capital Outlay	1,800	277	1,523
Total Expenses	<u>1,156,560</u>	<u>1,054,763</u>	<u>101,797</u>
Excess of Revenues Under Expenses	(328,208)	(263,237)	64,971
Advances In	0	18,745	18,745
Advances Out	(10,045)	(10,045)	0
Operating Transfers In	<u>296,552</u>	<u>221,614</u>	<u>(74,938)</u>
Excess of Revenues Under Expenses, Advances, and Transfers	(41,701)	(32,923)	8,778
Fund Balances at Beginning of Year	41,286	41,286	0
Prior Year Encumbrances Appropriated	<u>26,267</u>	<u>26,267</u>	<u>0</u>
Fund Balances at End of Year	<u>\$25,852</u>	<u>\$34,630</u>	<u>\$8,778</u>

See Accompanying Notes to the General Purpose Financial Statements

Delaware Joint Vocational School District
 Combined Statement of Cash Flows
 Enterprise Funds
 For the Fiscal Year Ended June 30, 2002

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Tuition	\$334,930
Cash Received from Customers	266,456
Cash Payments for Salaries	(634,013)
Cash Payments for Fringe Benefits	(145,791)
Cash Payments for Goods and Services	(259,211)
Net Cash Used for Operating Activities	<u>(437,629)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	189,840
Cash Received from Advances In	18,745
Cash Payments for Advances Out	(10,045)
Cash Received from Operating Transfers In	221,614
Net Cash Provided by Noncapital Financing Activities	<u>420,154</u>

Cash Flows from Investing Activities:

Cash Received from Interest	<u>300</u>
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Net Decrease in Cash and Cash Equivalents	(17,175)
Cash and Cash Equivalents at Beginning of Year	<u>67,553</u>
Cash and Cash Equivalents at End of Year	<u><u>\$50,378</u></u>

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:

Operating Loss	(\$487,514)
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Adjustments to Reconcile Operating Loss to Net

Cash Used for Operating Activities:

Depreciation	6,174
Donated Commodities Received During Year	336
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	3,260
Decrease in Intergovernmental Receivable	23,405
Decrease in Due from Other Funds	2,600
Increase in Prepaid Items	(5,096)
Decrease in Inventory Held for Resale	6,998
Decrease in Materials and Supplies Inventory	872
Increase in Accounts Payable	1,333
Increase in Accrued Wages and Benefits	30,770
Decrease in Compensated Absences Payable	(24,833)
Increase in Intergovernmental Payable	4,066
Net Cash Used for Operating Activities	<u><u>(\$437,629)</u></u>

Non-Cash Transaction:

During fiscal year 2002, the School District received donated commodities in the Food Service enterprise fund, in the amount of \$336.

See Accompanying Notes to the General Purpose Financial Statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Delaware Joint Vocational School District (the “School District”) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts’ elected boards. The Board possesses its own budgeting and taxing authority. The School District exposes students to job training skills leading to employment upon graduation from high school.

The School District was established in 1972. The School District serves Delaware and the surrounding counties. It is staffed by sixty-one classified employees, seventy-three certified teaching personnel, and ten administrative employees who provide services to six hundred eighty-six students and other community members. The School District currently operates two instructional/administration buildings.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations’ resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Delaware Joint Vocational School District.

The School District participates in the Tri-Rivers Educational Computer Association (TRECA), a jointly governed organization, and the Ohio School Plan and the Ohio School Boards Association Workers’ Compensation Group Rating Plan, insurance pools. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Delaware 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District’s accounting policies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Type

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

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are agency funds, which are custodial in nature (assets equal liabilities) and 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 School District, except those accounted for in proprietary funds.

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

B. Measurement Focus and Basis of Accounting

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

The enterprise funds are accounted for using 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. The full accrual basis of accounting is followed for the enterprise funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the 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 amendment throughout the year with the legal restriction that appropriations by fund cannot exceed estimated resources, as certified.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level are made by the School District Treasurer.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations as 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 appropriation resolutions were legally enacted.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency 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 non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and reported in the notes to the financial statements for the enterprise funds.

Lapsing of Appropriations

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

D. Cash and Investments

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

During fiscal year 2002, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, and STAR Ohio. Nonnegotiable certificates of deposit and repurchase agreements 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 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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2002 was \$74,223, which included \$15,784 assigned from other School District funds.

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 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 initial maturity of more than three months, and not purchased from the pool, are reported as investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

F. Inventory

Inventory is stated at the lower of cost or market on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies, custodial supplies, workbooks, and donated and purchased food.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside to create a reserve for budget stabilization.

H. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of three to twenty years.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from/to Other Funds". Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

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

K. Accrued Liabilities and Long-Term Obligations

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

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

Under Ohio law, a debt service fund may be created and used for the payment of tax anticipation notes. Generally accepted accounting principles requires reporting the liability in the fund that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the enterprise funds prior to fiscal year 2001 that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital contributions received from other governments and private sources subsequent to fiscal year 2000 are recorded as revenues and reported as retained earnings. Contributions from other funds continue to be reported as contributed capital.

M. Fund Balance Reserves

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

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

N. 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.

O. Use of 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.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position 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.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 3 - ACCOUNTABILITY

The following funds had deficit fund balances/retained earnings at June 30, 2002.

Fund Type/Fund	Deficit
Special Revenue Funds	
Jobs for Ohios' Graduates	\$222,050
Community Career Resource Center (CCRC)	1,192
Miscellaneous State Grants	2,784
Adult Basic Education (ABLE)	10,946
Vocational Education Planning District (VEPD)	15,422
Enterprise Fund	
Food Service	12,742
Adult Education	142,101

The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

The deficit retained earnings in the Food Service and Adult Education enterprise funds are the results of accumulated operating losses from prior years. The School District is reviewing the operation of these funds.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the enterprise funds (GAAP basis).
4. Proceeds from and principal payments on tax anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

5. The School District repays tax anticipation notes from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$1,649,396	(\$247,789)	(\$33,333)	\$490,775
<u>Increase (Decrease) Due To:</u>				
Revenue Accruals:				
Accrued FY 2001, Received in Cash FY 2002	970,648	52,099	0	307,540
Accrued FY 2002, Not Yet Received in Cash	(1,782,325)	(36,078)	0	(289,349)
Expenditure Accruals:				
Accrued FY 2001, Paid in Cash FY 2002	(717,429)	(41,677)	0	(22,959)
Accrued FY 2002, Not Yet Paid in Cash	775,893	64,495	0	134,175
Prepaid Items	(78,307)	(9,419)	0	0
Materials and Supplies Inventory	(3,212)	0		
Note Principal Retirement	0	0	(610,000)	0
Note Interest	0	0	(14,466)	14,466
Advances In	75,645	305,724	0	0
Advances Out	(324,469)	(65,600)	0	0
Reallocation of Debt Activity	0	0	624,466	(624,466)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(226,791)	(66,922)	0	(437,497)
Budget Basis	\$339,049	(\$45,167)	(\$33,333)	(\$427,315)

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Loss/Excess of Revenues Under Expenses, Advances, and Transfers Enterprise Funds	
GAAP Basis	(\$75,196)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2001, Received in Cash FY 2002	41,064
Accrued FY 2002, Not Yet Received in Cash	(12,027)
Expense Accruals:	
Accrued FY 2001, Paid in Cash FY 2002	(66,924)
Accrued FY 2002, Not Yet Paid in Cash	78,260
Prepaid Items	(5,096)
Inventory Held for Resale	6,998
Materials and Supplies Inventory	872
Depreciation Expense	6,174
Advances In	18,745
Advances Out	(10,045)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(15,748)
Budget Basis	(\$32,923)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five 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.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

At fiscal year end, the School District had \$6,609 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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".

At fiscal year end, the carrying amount of the School District's deposits was \$421,655 and the bank balance was \$1,207,998. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,007,998 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$3,430,000	\$3,430,000	\$3,430,975
STAR Ohio		520,606	520,606
Totals		\$3,950,606	\$3,951,581

The classification of cash and cash equivalents and investments on the combined balance sheet 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 and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,378,870	\$0
Cash on Hand	(6,609)	0
Investments:		
Repurchase Agreements	(3,430,000)	3,430,000
STAR Ohio	(520,606)	520,606
GASB Statement No. 3	\$421,655	\$3,950,606

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2002 represent the collection of calendar year 2001 taxes. Real property taxes received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of January 1, 2001, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2002 were levied after April 1, 2001, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes received in calendar year 2002 were levied after April 1, 2001, on the value as of December 31, 2001. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, the settlement was delayed beyond fiscal year end.

The School District receives property taxes from Delaware, Franklin, Marion, Morrow, and Union Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding, the late personal property tax settlement, and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2002, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 and the delayed personal property tax settlement are intended to finance current fiscal year operations and are recognized as revenue at fiscal year end. The receivable is 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, 2002, was \$1,749,622 in the General Fund and \$289,335 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2001, was \$962,919 in the General Fund and \$307,540 in the Permanent Improvement capital projects fund.

The late settlement made by the County for fiscal year 2002 was \$77 in the General Fund and \$11 in the Permanent Improvement capital projects fund.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 6 - PROPERTY TAXES (continued)

The assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural and Residential and Other Real Estate	\$2,328,481,490	87.68%	\$2,447,914,970	88.45%
Public Utility	112,951,080	4.25	92,205,430	3.33
Tangible Personal	214,239,714	8.07	227,390,418	8.22
Total Assessed Value	<u>\$2,655,672,284</u>	<u>100.00%</u>	<u>\$2,767,510,818</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed valuation	\$3.40		\$3.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, interfund, accrued interest, and charges to other funds for services provided. 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. Accounts receivable at June 30 were \$8,778. A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Delaware County	\$31,878
Delaware Union Educational Service Center	86
Homestead and Rollback	491
Total General Fund	<u>32,455</u>
Special Revenue Funds	
Public School Support	35,444
Eisenhower	270
Vocational Education Planning District (VEPD)	44,435
Title VI	4,054
Total Special Revenue Funds	<u>84,203</u>
Capital Projects Fund	
Permanent Improvement	<u>76</u>

(continued)

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 7 - RECEIVABLES (continued)

	Amount
Enterprise Funds	
Food Service	
Food Service Subsidy	\$2,271
Lima CSD	120
Special Services	
Department of Job and Family Services	1,326
Green County	60
Adult Education	
Adult Education	1,999
Total Enterprise Funds	5,776
Total Intergovernmental Receivables	\$122,510

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$113,422
Less Accumulated Depreciation	(76,404)
Net Fixed Assets	\$37,018

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 6/30/01	Additions	Reductions	Balance at 6/30/02
Land and Improvements	\$852,254	\$0	\$0	\$852,254
Buildings and Improvements	6,041,299	204,778	0	6,246,077
Furniture, Fixtures, and Equipment	3,134,200	540,131	57,682	3,616,649
Totals	\$10,027,753	\$744,909	\$57,682	\$10,714,980

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 9 - INTERFUND ASSETS/LIABILITIES

At June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivable			Payable		
	Interfund	Due from	Advances to	Interfund	Due to	Advances from
General Fund	\$326,819	\$0	\$94,142	\$0	\$72	\$0
Special Revenue Funds						
Public School Support	0	0	0	1,867	110	0
Jobs for Ohios' Graduates	0	0	0	257,893	0	0
Community Career Resource Center (CCRC)	0	0	0	1,529	0	0
Vocational Educational Planning District (VEPD)	0	0	0	44,435	0	0
Total Special Revenue Funds	0	0	0	305,724	110	0
Enterprise Funds						
Food Service	0	182	0	0	0	0
Special Services	0	0	0	18,745	0	0
Adult Education	0	0	0	0	0	94,142
Total Enterprise Funds	0	182	0	18,745	0	94,142
Agency Fund						
Student Activities	0	0	0	2,350	0	0
Total All Funds	\$326,819	\$182	\$94,142	\$326,819	\$182	\$94,142

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted for the following insurance coverage:

Coverage provided by Ohio School Plan		
Automobile Liability		\$1,000,000
General Liability		
Per Occurrence		1,000,000
Aggregate		3,000,000
Coverage provided by Hartford Casualty Insurance Company		
Buildings and Contents		23,385,352

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

For fiscal year 2002, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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 participants 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 - CONTRACTUAL COMMITMENTS

At June 30, 2002, the School District had contractual commitments as follows:

Project	Vendor	Contract Amount	Paid	Balance
Graphics and Dental Labs	Sellers Electric	\$6,010	\$0	\$6,010
Graphics and Dental Labs	Holdridge Mechanical, Inc.	24,000	0	24,000
Graphics and Dental Labs	Comfort Express	13,800	0	13,800
Graphics and Dental Labs	GHM, Inc.	43,950	9,228	34,722
		\$87,760	\$9,228	\$78,532

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits 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 School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2002. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$292,930, \$419,174, and \$225,978, respectively; 74 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$74,641, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by 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, 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 School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$92,276, \$70,501, and \$79,225, respectively; 100 percent has been contributed for all three fiscal years.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2002, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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 obligation 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.

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 the health care cost in the form of a monthly premium. By 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 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount was \$138,756.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001 (the latest information available). For the fiscal 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.

For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 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 2002, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$147,884 for fiscal year 2002.

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 currently receiving health care benefits.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified employees earn ten to fifteen days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 14 - OTHER EMPLOYEE BENEFITS (continued)

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-half days per month. Sick leave may be accumulated up to a maximum of one hundred sixty days for all school personnel. Upon retirement, payment is made for one-half of their accrued, but unused sick leave credit to a maximum of eighty days.

B. Health Care Benefits

The School District offers health insurance to most employees through United Health Care of Ohio. Dental insurance is offered through Metlife, and life insurance is offered through Jefferson Pilot. Vision insurance is offered through Medical Benefits Mutual Life Insurance Company. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

NOTE 15 - NOTES PAYABLE

On October 15, 1996, the School District issued tax anticipation notes, in the amount of \$3,050,000, at an interest rate of 5.27 percent to acquire and renovate a building to be used for instructional purposes. During fiscal year 2002, the School District paid the outstanding principal of \$610,000 fully retiring the notes.

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Balance at 6/30/01	Additions	Reductions	Balance at 6/30/02
Building Assistance Loan 1997 0.000%	\$383,334	\$0	\$33,333	\$350,001
Energy Conservation Loan 1998 5.100%	415,000	0	60,000	355,000
Total Long-Term Obligations	798,334	0	93,333	705,001
Compensated Absences Payable	420,309	68,335	0	488,644
Intergovernmental Payable	3,340	2,524	3,340	2,524
Capital Leases Payable	157,752	27,921	95,545	90,128
Total General Long-Term Obligations	<u>\$1,379,735</u>	<u>\$98,780</u>	<u>\$192,218</u>	<u>\$1,286,297</u>

FY 1997 Building Assistance Loan - On May 19, 1997, the School District obtained an interest free loan, in the amount of \$500,000, for remodeling school facilities. The loan was obtained under the authority of Ohio Revised Section 3317.22, for a sixteen year period, with final maturity during fiscal year 2013. The loan is being retired through the Debt Service Fund.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

FY 1998 Energy Conservation Loan - On July 17, 1997, the School District obtained a loan, in the amount of \$628,839, for providing energy conservation for the School District. The loan was obtained for a nine year period, with final maturity during fiscal year 2007. The loan is being retired through the Debt Service Fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund and the Permanent Improvement capital projects fund.

The School District's overall debt margin was \$249,075,973 with an unvoted debt margin of \$2,767,510 at June 30, 2002.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2002, were as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2003	\$98,334	\$18,105	\$116,439
2004	98,333	14,790	113,123
2005	103,333	11,475	114,808
2006	108,333	7,905	116,238
2007	113,334	4,080	117,414
2008-2012	166,667	0	166,667
2013	16,667	0	16,667
Total	\$705,001	\$56,355	\$761,356

NOTE 17 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments are reflected as debt service expenditures on the combined financial statements for governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$273,911. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 were \$95,545 in the governmental funds.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 17 - CAPITALIZED LEASES - LESSEE DISCLOSURE (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

Fiscal Year Ending June 30,	GLTOAG
2003	\$29,962
2004	29,961
2005	23,701
2006	17,183
2007	2,159
Total	102,966
Less Amount Representing Interest	(12,838)
Present Value of Net Minimum Lease Payments	\$90,128

NOTE 18 - SET ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2002.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2001	\$29,833	\$0	\$49,102
Current Year Set Aside Requirement	70,446	70,446	0
Current Year Offsets	0	(70,446)	0
Qualifying Expenditures	(234,720)	0	0
Amount Carried Forward to Fiscal Year 2003	(\$134,441)	\$0	\$49,102
Set Aside Reserve Balance June 30, 2002	\$0	\$0	\$49,102

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

Delaware Joint Vocational School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, special services, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Delaware Joint Vocational School District as of and for the fiscal year ended June 30, 2002.

Description	Food Service	Uniform School Supplies	Special Services	Adult Education	Totals
Operating Revenues	\$86,652	\$27,433	\$119,463	\$338,573	\$572,121
Depreciation Expense	6,174	0	0	0	6,174
Operating Loss	(99,756)	(5,913)	(20,730)	(361,115)	(487,514)
Federal Donated Commodities	336	0	0	0	336
Operating Grants	11,170	0	0	178,898	190,068
Operating Transfers In	67,972	3,000	0	150,642	221,614
Net Loss	(19,978)	(2,913)	(20,730)	(31,575)	(75,196)
Fixed Asset Reductions	545	0	0	0	545
Net Working Capital	1,240	7,734	13,584	(41,151)	(18,593)
Total Assets	47,898	11,988	38,028	8,927	106,841
Total Equity	36,477	7,734	13,584	(142,101)	(84,306)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	3,032	1,330	6,615	4,771	15,748

NOTE 20 - JOINTLY GOVERNED ORGANIZATION

Tri-Rivers Educational Computer Association - The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2002, the School District paid \$40,882 to TRECA for various services. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

NOTE 21 - INSURANCE POOLS

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 22 - STATE SCHOOL FUNDING

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

NOTE 23 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

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Auditor of State Betty Montgomery

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

Delaware County Joint Vocational School District
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

To the Board of Education:

We have audited the general purpose financial statements of the Delaware County Joint Vocational School District, Delaware County, Ohio, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated March 12, 2003. 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 12, 2003.

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www.auditor.state.oh.us

This report is intended for the information and use of management and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 12, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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800-282-0370
Facsimile 614-466-4490

DELAWARE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

DELAWARE 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
APRIL 10, 2003**