



**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Ohio Hi-Point Joint Vocational School District  
Logan County  
2280 State Route 540 East  
Bellefontaine, Ohio 43311

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Hi-Point Joint Vocational School District, Logan County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

January 22, 2001

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OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,821,636	\$382,208	\$696,983	\$1,359,065
Receivables:				
Property Taxes	3,249,287			
Accounts Intergovernmental	17,220	80,294		
Accrued Interest	24,489	166,872		
Interfund	487,838			
Materials and Supplies Inventory	18,776			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	484,799			
Fixed Assets (net, where applicable, of accumulated depreciation)				
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Governmental Resources				
<b>Total Assets and Other Debits</b>	<b>\$7,104,045</b>	<b>\$629,374</b>	<b>\$696,983</b>	<b>\$1,359,065</b>
<b><u>Liabilities, Fund Equity, and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$40,483	\$86,237		\$2,998
Accrued Wages and Benefits	492,633	24,532		
Compensated Absences Payable	37,612	10,256		
Interfund Payable		392,838		
Deferred Revenue	3,021,212			
Due to Students				
Notes Payable				
Total Liabilities	3,591,940	513,863		2,998
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved, Undesignated				
Fund Balance:				
Reserved for Property Taxes	228,075			
Reserved for Inventory	18,776			
Reserved for Set Asides	484,799			
Reserved for Encumbrances	108,557	189,457		32,069
Unreserved	2,671,898	(73,946)	696,983	1,323,998
Total Fund Equity and Other Credits	3,512,105	115,511	696,983	1,356,067
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$7,104,045</b>	<b>\$629,374</b>	<b>\$696,983</b>	<b>\$1,359,065</b>

*The notes to the financial statements are an integral part of this statement.*





**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Governmental Fund Types</b>			<b>Fiduciary Fund Type</b>	
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>
<b>Revenues:</b>					
Property Taxes	\$4,033,002				
Intergovernmental	2,591,955	1,417,012		367	
Interest	295,806			13,100	
Tuition and Fees	81	565,276			
Miscellaneous	109,905	230,537			1,458
<b>Total Revenues</b>	<u>7,030,749</u>	<u>2,212,825</u>		<u>13,467</u>	<u>1,458</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	609,914				
Special	181,516				
Vocational	1,967,163	529,074		6,453	
Other		939,047		345	
Support Services:					
Pupils	520,265	204,009			
Instructional Staff	424,091	355,895			
Board of Education	27,296				
Administration	292,007	133,199			
Fiscal	281,259			1,457	
Business	180,017	12,905		69,764	
Operation and Maintenance of Plant	906,475			19,492	
Pupil Transportation	14,893				
Central	159,730	48,827		536	
Non-Instructional		2,242		13,802	2,000
Capital Outlay	39,386			3,021	
Debt Service:					
Principal Retirement			92,199		
Interest and Fiscal Charges			13,332		
<b>Total Expenditures</b>	<u>5,604,012</u>	<u>2,225,198</u>	<u>105,531</u>	<u>114,870</u>	<u>2,000</u>
Excess of Revenues Over (Under) Expenditures	<u>1,426,737</u>	<u>(12,373)</u>	<u>(105,531)</u>	<u>(101,403)</u>	<u>(542)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Fixed Assets	28,701	10,319			
Operating Transfers In		100,000		400,000	
Operating Transfers Out	(500,000)				
<b>Total Other Financing Sources (Uses)</b>	<u>(471,299)</u>	<u>110,319</u>		<u>400,000</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	955,438	97,946	(105,531)	298,597	(542)
Fund Balances at Beginning of Year	2,532,730	17,565	802,514	1,057,470	2,709
Fund Reclassification	23,937				
<b>Fund Balances at End of Year</b>	<u>\$3,512,105</u>	<u>\$115,511</u>	<u>\$696,983</u>	<u>\$1,356,067</u>	<u>\$2,167</u>

The notes to the financial statements are an integral part of this statement.

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OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$3,999,372	\$3,999,372				
Intergovernmental	2,591,955	2,591,955		1,330,997	1,330,997	
Investment	295,371	295,371				
Tuition and Fees	81	81		540,362	540,362	
Miscellaneous	94,959	94,959		230,537	230,537	
<b>Total Revenues</b>	<b>6,981,738</b>	<b>6,981,738</b>		<b>2,101,896</b>	<b>2,101,896</b>	
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	617,784	592,626	25,158			
Special	227,696	181,020	46,676			
Vocational	2,058,396	1,975,491	82,905	702,925	693,412	9,513
Other	24,490	3,353	21,137	951,798	943,368	8,430
Support Services:						
Pupils	846,475	539,909	306,566	208,216	207,231	985
Instructional Staff	512,118	443,916	68,202	456,098	397,657	58,441
Board of Education	48,094	29,030	19,064			
Administration	319,650	294,315	25,335	140,112	138,096	2,016
Fiscal	317,935	293,164	24,771	2,375		2,375
Business	273,990	191,302	82,688	13,431	12,905	526
Operation and Maintenance of Plant	1,089,607	935,238	154,369			
Pupil Transportation	26,452	18,759	7,693			
Central	213,689	172,757	40,932	48,827	48,827	
Operation of Non-Instructional Services				3,278	3,278	
Capital Outlay	64,000	43,251	20,749			
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<b>6,640,376</b>	<b>5,714,131</b>	<b>926,245</b>	<b>2,527,060</b>	<b>2,444,774</b>	<b>82,286</b>
Excess of Revenues Over (Under) Expenditures	341,362	1,267,607	926,245	(425,164)	(342,878)	82,286
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	28,701	28,701		10,319	10,319	
Advances In	549,804	549,804		392,838	392,838	
Advances Out	(750,000)	(487,838)	262,162		(474,804)	(474,804)
Operating Transfers In				100,000	100,000	
Operating Transfers Out	(550,000)	(500,000)	50,000			
<b>Total Other Financing Sources (Uses)</b>	<b>(721,495)</b>	<b>(409,333)</b>	<b>312,162</b>	<b>503,157</b>	<b>28,353</b>	<b>(474,804)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(380,133)	858,274	1,238,407	77,993	(314,525)	(392,518)
Fund Balances at Beginning of Year (Includes Prior Year Encumbrances Appropriated)	2,316,632	2,316,632		421,622	421,622	
<b>Fund Balances at End of Year</b>	<b>\$1,936,499</b>	<b>\$3,174,906</b>	<b>\$1,238,407</b>	<b>\$499,615</b>	<b>\$107,097</b>	<b>(\$392,518)</b>

The notes to the financial statements are an integral part of this statement.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			367	367	
			14,846	14,846	
			<u>15,213</u>	<u>15,213</u>	
			33,000		33,000
			1,000		1,000
			90,100	12,913	77,187
			20,000	7,514	12,486
			8,000	2,667	5,333
			26,369	1,778	24,591
			10,000	1,778	8,222
			15,000	1,457	13,543
			135,698	92,530	43,168
			27,000	20,381	6,619
			6,000		6,000
			57,000	536	56,464
			24,058	13,802	10,256
			482,195	3,021	479,174
92,199	92,199				
14,801	13,332	1,469			
<u>107,000</u>	<u>105,531</u>	<u>1,469</u>	<u>935,420</u>	<u>158,377</u>	<u>777,043</u>
(107,000)	(105,531)	1,469	(920,207)	(143,164)	777,043
			400,000	400,000	
			<u>400,000</u>	<u>400,000</u>	
(107,000)	(105,531)	1,469	(520,207)	256,836	777,043
802,514	802,514		1,067,161	1,067,161	
<u>\$695,514</u>	<u>\$696,983</u>	<u>\$1,469</u>	<u>\$546,954</u>	<u>\$1,323,997</u>	<u>\$777,043</u>

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2000**

	<b>Enterprise</b>
<b><u>Operating Revenues:</u></b>	
Charges for Services	\$225,024
<b><u>Operating Expenses:</u></b>	
Salaries	90,172
Fringe Benefits	25,185
Purchased Services	296
Materials and Supplies	176,616
Depreciation	9,458
<b>Total Operating Expenses</b>	<b>301,727</b>
<b>Operating Loss</b>	<b>(76,703)</b>
<b><u>Non-Operating Revenues (Expenses):</u></b>	
Operating Grants	2,657
Miscellaneous Revenue	61,461
<b>Total Non-Operating Revenues (Expenses)</b>	<b>64,118</b>
<b>Net Loss</b>	(12,585)
Retained Earnings at Beginning of Year	4,357
Retained Earnings at End of Year	<b>(8,228)</b>

*The notes to the financial statements are an integral part of this statement.*

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2000**

<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Customers	\$225,024
Cash Payments for Salaries	(108,684)
Cash Payments to Suppliers for Goods and Services	(177,541)
Cash Payments for Other Expenses	(296)
Net Cash Used for Operating Activities	(61,497)
 <b><u>Cash Flows from Non-Capital Financing Activities:</u></b>	
Cash Received from Operating Grants	2,415
Cash Received from Advances In	95,000
Cash Received from Miscellaneous Sources	61,461
Cash Payments for Advances Out	(65,000)
Net Cash Provided by Non-Capital Financing Activities	93,876
 <b><u>Cash Flows from Capital and Related Financing Activities:</u></b>	
Cash Payments for Fixed Assets	(11,212)
<b>Net Increase in Cash and Cash Equivalents</b>	21,167
Cash and Cash Equivalents at Beginning of Year	19,828
Cash and Cash Equivalents at End of Year	\$40,995
 <b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Operating Loss	(\$76,703)
 <b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Depreciation Expense	9,458
Changes in Assets and Liabilities:	
Decrease in Materials and Supplies Inventory	(1,149)
Increase in Accounts Payable	224
Increase in Accrued Wages and Benefits	6,157
Increase in Compensated Absences Payable	516
<b>Net Cash Used for Operating Activities</b>	<b>(\$61,497)</b>

*The notes to the financial statements are an integral part of this statement.*

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**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

Ohio Hi-Point Joint Vocational School District(the District) is a district 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, which possesses its own budgeting and taxing authority. The School District exposes students to job training leading to employment upon graduation from high school. Ohio Hi-Point Joint Vocational School District includes fourteen member schools throughout Logan, Hardin, Champaign, Union and Auglaize counties.

The School District was established on January 27, 1970. It is staffed by approximately 35 non-certified employees and approximately 80 certified full-time teaching personnel who provide services to approximately 442 high school students and approximately 3,488 adult students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the district have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below:

**A. Reporting Entity**

For financial reporting purposes, the District's financial statements include all funds and account groups of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. Under this criteria, only the primary government is included in the financial statements. The District also considered potential component units for inclusion in the financial statements. For Ohio Hi-Point Joint Vocational School District, this includes general operations, food service, and student related activities of the School District. Generally, component units are legally separate organizations for which the appointed officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

The District appointed a voting majority of the organization's governing body; and (a) was able to impose its will on that organization; or (b) there was a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District; or

1. The organization was fiscally dependent upon the District; or
2. The nature of the relationship between the District and the organization was such that the exclusion from the financial reporting entity would render the financial statements misleading.

The District included no component units in the accompanying financial statements.

The School District is associated with one jointly governed organization and two insurance purchasing pools. These organizations include the Western Ohio Computer Organization, the Logan County Schools Benefit Plan Association, and the Ohio School Board Association Workers' Compensation Group Rating Plan.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation**

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Account groups are a reporting device to account for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except for those accounted for in the Proprietary Fund type and the Fiduciary Fund type) are accounted for through Governmental Funds. The following are the District's Governmental Funds:

**General Fund**

Is the general operating fund of the District and it is used to account for all financial resources except those required by law to be accounted for in another fund.

**Special Revenue Funds**

Are used to account for the proceeds of specific revenue sources (other than major Capital Projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds**

Are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs; and for the payment of interest on general obligation notes payable, as required by Ohio Law.

**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).

**2. Proprietary Fund Types:**

Proprietary Funds are used to account for the District's ongoing activities, which are similar to those most often found in the private sector. The following is the District's Proprietary Funds:

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Enterprise Funds**

Are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (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, (b) where the governing body has 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.

**3. Fiduciary Fund Types:**

Fiduciary Funds are used for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**4. 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 general nature, the following account groups are used:

**General Fixed Assets Account Group**

This group of accounts is established to account for all fixed-assets of the District, other than those accounted for in the Proprietary Fund.

**General Long-Term Obligations Account Group**

This group of accounts is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Fund.

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

**1. Measurement Focus:**

Governmental Fund types and Expendable Trust Funds are accounted for on a spending, or "current financial resources," measurement focus. Governmental Fund types operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary Funds types are accounted for on a cost of services, or "economic resources," measurement focus. Proprietary Fund type income statements represent increases and decreases in net total assets.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Basis of Accounting:**

The modified accrual basis of accounting is followed for Governmental, Expendable Trust, and Agency Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue considered susceptible to accrual includes, but is not limited to, interest, tuition and state and federal grants. Property taxes measurable but neither available to finance the current fiscal year expenditures, nor intended to finance the current year expenditures are deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

Proprietary Funds are accounted for on the accrual basis of accounting. Revenue is recognized in the period earned and expenses are recognized in the period incurred.

**D. Budgetary Data**

Budgetary Basis of Accounting - The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major difference between the budget basis and the GAAP basis are:

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when encumbered, or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).

The actual results of operations, compared to the final appropriation, for each fund type by expenditure function and revenue by source are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (non-GAAP Budgetary Basis). The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons. The District is required by state statute to adopt an annual appropriated budget for all Governmental Fund types. The specific timetable is as follows:

- (1) Prior to January 15 of the preceding fiscal year, 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 expressed purpose of this budget document is to reflect the need for existing or increased tax rates.
- (2) By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for tax rate determination.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (3) 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 District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.
- (4) By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, level of expenditures, which are legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
- (5) Any revisions that alter the total of any fund appropriation or alter the total function appropriations within a fund, must be approved by the Board of Education.
- (6) Formal budgetary integration is employed as a management control device during the year for all funds, other than Agency Funds, consistent with statutory provisions.
- (7) Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board.
- (8) Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function, level.

**E. Encumbrances**

Encumbrance accounting is utilized by District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund types, encumbrances outstanding at fiscal year end appear on the combined balance sheet as a reserve of the fund balance on a GAAP Basis and for all funds as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance.

**F. Cash and Investments**

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

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During the current fiscal year, investments were limited to STAR Ohio, repurchase agreements, treasury notes, treasury bonds, no load money market mutual funds, commercial paper, and certificates of deposit.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the current fiscal year. 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 at year-end.

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 and the capital project funds during the current fiscal year 2000 amounted to \$295,806 and \$13,100 respectively. The general fund amount included \$41,989 assigned from other school district funds.

The District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "equity in pooled cash and investments" since they are not required to be deposited into the School District Treasury.

For purpose of the combined statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**G. Inventory (Materials and Supplies)**

Inventory in the governmental funds is stated at cost while inventory in the enterprise funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the enterprise funds consists of donated food, purchased food, and school supplies held for resale and is expended when used.

**H. Fixed -Assets and Depreciation**

1. General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of 5 years.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. Proprietary Funds - Equipment reflected in the Proprietary Funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

Building	30 - 50 years
Equipment	05 - 20 years
Building Improvements	10 - 40 years

**I. Intergovernmental Revenues**

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned.

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

**Entitlements:**

**General Fund**

State Foundation Program  
State Property Tax Relief  
Telecommunication Subsidy Payment

**Non-Reimbursement Grants:**

**Special Revenue Funds**

Economic Education  
Career Development  
Adult Vocational Education  
Post-Secondary Vocation Education - Full Service Center  
Teacher Development Program - Block Grant  
Education Management Information System  
Adult Basic Literacy Education  
Adult Basic Education  
Dwight Eisenhower Professional Development Program Title II  
Vocational Education - Technical Preparation  
Vocational Education - Gender Equity Special Project  
Venture Capital  
ISO  
Tech Prep  
School Net

**Intergovernmental Revenues:**

Vocational Education - Carl D. Perkins Title 11  
Vocational Education - Technical Assistant Grant  
Title VI Innovative Education  
School To Work Opportunities

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Agency Funds:**

Ohio Industrial Training  
Federal Pell Grant

**Reimbursable Grants:**

**General Fund**

Special Education Unit

**Capital Projects Funds**

Vocational Education Equipment Reimbursement Grant  
Property Funds  
Special Milk Program

Grants and entitlements amounted to approximately forty percent (40%) of all school District's operating revenue during the fiscal year.

**J. Compensated Absences**

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective Proprietary Fund.

**K. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

The District had no advances to/from other funds at June 30, 2000.



**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Long-Term Obligations**

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group.

Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

**M. Fund Equity**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, inventory, and set-asides. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within specific purpose of those funds.

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, capital maintenance reserve, and a textbook reserve. The budget stabilization reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established in the amount of \$484,799 for the current fiscal year.

**O. Estimates**

The preparation of the 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 statements.

**P. Memorandum Only - Total Columns**

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

**Q. Proprietary Fund Accounting**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the District applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. Employee Benefits**

**1. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from board policy and State laws. Classified employees, the superintendent, treasurer, and director earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees can earn sick leave at the rate of one and one-fourth days per month. Employees are allowed to accumulate sick leave to a maximum of 200 days. Upon retirement, payment is made for one-fourth of accrued of the total sick leave accumulation, with a maximum accumulation of 140 days.

**2. Health Care -and Life Insurance Benefits**

The School District has elected to provide employee medical/surgical through the Logan County Health Insurance Consortium with Anthem Blue Cross/Blue Shield. The employees share the cost of the monthly premium with the Board. The premium varies with employees depending on board policy. School District employees also contribute to a flexible Health Benefit Spending Account for each employee, for medical: expenses and dependent care not covered by other health insurance.

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments". State Statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies that are required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies - Those monies not required for use within the current two-year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Interim Monies - 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.

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 money deposited with the institution.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

State legislation permits interim monies to be deposited or invested in the following securities:

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

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

At year-end the District had \$300 in undeposited cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and investments".

At year-end the carrying amount of the District's deposits was \$2,810,081. The bank balance of deposits was \$2,942,317 and of the bank balance, \$600,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the District's name to a successful claim by the FDIC.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

CATEGORY 1 includes investments that are issued, registered, or held by the District or its agent in the District's name.

CATEGORY 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the District's name.

CATEGORY 3 includes uninsured and unregistered investments held by the counterparty, or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year end are classified as follows:

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>CARRYING VALUE/ FAIR VALUE</u>
Repurchase Agreement	Category 3	\$ 75,129
Commercial Paper	Category 3	246,799
No-Load Mutual Funds	Category 3	62,688
U.S. Treasury Notes & Bonds	Category 3	972,702
(1) State Treasury Pool (Star Ohio)	N/A	<u>1,636,633</u>
		<u>\$2,993,951</u>

The District's investment in the State Treasury Pool is not categorized by risk because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

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

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

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<b>Pooled Cash and Cash Equivalents</b>	<b>Investments</b>
Combined Balance Sheet	\$5,804,332	
Cash on Hand	(300)	
No Load Mutual Funds	(62,688)	62,688
Treasury Notes & Bonds	(972,702)	972,702
Repurchase Agreement	(75,129)	75,129
Commercial Paper	(246,799)	246,799
Star Ohio	(1,636,633)	1,636,633
GASB Statement 3	<u>\$2,810,081</u>	<u>\$2,993,951</u>

**4. PROPERTY TAXES**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2000 were based, are as follows:

Tangible Personal	\$ 579,893,318
Public Utility and Real Estate	<u>1,623,302,780</u>
 Total Assessed Property Value	 <u><u>\$2,203,196,098</u></u>

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20. If paid semi-annually, the first payment (at least one-half of amount billed) was due January 20, with the remainder due on June 20.

The County Auditor remits portions of the taxes collected with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property taxes in June and October to all taxing districts.

The District receives property taxes from the County Auditor. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000 are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**4. PROPERTY TAXES**

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of the current year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$228,075 and was recognized as revenue. The amount, which was available for advance at June 30, 1999, was \$194,445.

**5. FIXED ASSETS**

A summary of the General Fixed Assets Account Group at year end follows:

<u>Class</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Land	\$ 441,538	\$	\$ 0	\$ 441,538
Building	7,996,150	9,220	0	8,005,370
Equipment	3,819,236	306,184	525,862	3,599,558
Vehicles	<u>125,495</u>	<u>17,850</u>	<u>13,439</u>	<u>129,906</u>
Totals	<u>\$12,382,419</u>	<u>\$333,254</u>	<u>\$539,301</u>	<u>\$12,176,372</u>

A summary of the Proprietary Fund fixed assets at year-end follows:

<u>Enterprise</u>	
Building	\$ 0
Equipment	177,859
Less Accumulated Depreciation	<u>(114,190)</u>
Net Fixed Assets	<u>\$ 63,669</u>

**6. LONG-TERM DEBT**

During the year ended June 30, 2000, the following changes occurred in the General Long-Term Obligations Account Group:

	<u>Balance Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
Notes Payable	\$ 755,859	\$ 0	(\$92,199)	\$ 663,660
Compensated Absences	257,072	40,031	0	297,103
Accrued Wages and Benefits	<u>0</u>	<u>1,185</u>	<u>0</u>	<u>1,185</u>
TOTAL	<u>\$1,012,931</u>	<u>\$ 41,216</u>	<u>(\$92,199)</u>	<u>\$961,948</u>

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**6. LONG-TERM DEBT (Continued)**

**A. Vocational Building Assistance Loan**

On January 31, 1994, the School District issued unvoted general obligation notes for the purpose of constructing a building under the authority of House Bill 808. The notes were issued for a fifteen-year period with a final maturity during the fiscal year 2009. The loan will be retired from the debt service fund.

**B. Energy Conservation Loan**

On August 10, 1994, the School District issued unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten-year period with a final maturity during the fiscal year 2004. The loan will be retired from the debt service fund.

**C. Compensated Absences**

Compensated Absences will be paid from the fund from which the employees' salaries are paid.

The following is a summary of the District's future annual debt service requirements to maturity for notes:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2001	92,199	11,110	103,309
2002	92,199	8,888	101,087
2003	92,199	6,666	98,865
2004	92,199	4,444	96,643
2005	92,199	2,222	94,421
2006-2009	<u>202,665</u>	<u>3,445</u>	<u>206,110</u>
Total	<u>\$663,660</u>	<u>\$36,775</u>	\$700,435

**7. SEGMENT INFORMATION**

**A. Enterprise Funds**

The District maintains three Enterprise Funds to account for the operations of Food Service, Uniform School Supply and Customer Service. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the current year end.

	<u>Food Services</u>	<u>Uniform School Supply</u>	<u>Customer Service Fund</u>	<u>Total</u>
Operating Revenue	\$180,206	\$44,818	\$ 0	\$225,024
Operating Expenses				
Before Depreciation	220,556	66,681	5,032	292,269
Depreciation	9,458	0	0	9,458
Operating Income (Loss)	(49,808)	(21,863)	(5,032)	(76,703)
Operating Grants	2,657	0	0	2,657
Net Income (Loss)	(59,151)	(9,863)	56,429	(12,585)
Net Working Capital	(62,399)	(22,167)	12,669	(71,897)
Total Assets	86,110	2,833	17,112	106,055
Total Liability	84,840	25,000	4,443	114,283
Total Equity	1,270	(22,167)	12,669	(8,228)

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**8. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%; 5.5% was the portion to fund pension obligations for the fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2000, 1999, and 1998 were, \$50,566, \$67,856 and \$77,014 respectively.

**B. State Teachers Retirement -System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That 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% of their annual covered salary and the District is required to contribute 14%; 6% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2000, 1999 and 1998 were \$230,770, \$217,978, and \$359,042, respectively, equal to the required contributions for each year.

**9. POST EMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employee 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$307,693 during fiscal 2000.



**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**9. POST EMPLOYMENT BENEFITS (Continued)**

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

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

For this fiscal year, employer contributions to fund health care benefits were 6.3 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 members' pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, was \$57,921 during the fiscal year.

The surcharge, added to the uncollectable 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, 1999, were \$126,380,984 and the target level of \$189.9 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**10. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

**Reconciliation of Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing  
Uses From GAAP Basis to Budgetary Basis:**

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$955,438	\$97,946	(\$105,531)	\$298,597
Net Adjustment for Revenue Accruals	500,793	281,909	0	1,746
Net Adjustment for Expenditure Accruals	(464,603)	(419,269)	0	(8,440)
Net Adjustments for Encumbrances	<u>(133,354)</u>	<u>(275,111)</u>	<u>0</u>	<u>(35,067)</u>
Budgetary Basis	<u>\$858,274</u>	<u>(\$314,525)</u>	<u>(\$105,531)</u>	<u>\$256,836</u>

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**11. COMPLIANCE AND ACCOUNTABILITY**

**A. Accountability - Fund Deficits**

At June 30, 2000, the Enterprise Fund has a deficit fund balance of \$8,228, which was created by the implementation of GAAP. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

This deficit did not exist on the cash basis of accounting in accordance with Ohio Law, and will be funded by anticipated future revenues not recognized and recorded at June 30.

**B. Compliance - Fund Deficits**

During Fiscal Year 2000 the District had negative cash fund balances in the following funds:

	Special Revenue Fund Type		Enterprise Fund Type	
September 30, 1999	Adult Education	\$193,610	Food Service Fund	\$46,905
			Uniform School Supplies	31,171
December 31, 1999	Adult Education	243,509	Food Service Fund	51,571
	ABLE Grant	28,015	Uniform School Supplies	31,501
March 31, 2000	Adult Education	206,164	Food Service Fund	49,376
			Uniform School Supplies	30,120
May 31, 2000	Adult Education	205,383	Food Service Fund	50,832
	VEPD FY 2000	65,482	Uniform School Supplies	22,540
	VEPD-Adult	12,381		
	Career Education	23,166		

Negative cash fund balances violate the requirements of Ohio Rev. Code Section 5705.10.

**12. CONTINGENT LIABILITIES**

**Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. Management is unable to estimate possible claims resulting from such audits until the audits have been completed. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**13. JOINTLY GOVERNED ORGANIZATIONS**

**Western Ohio Computer Organization (WOCO)** - The School District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami and Champaign 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. Financial information can be obtained from Sonney Ivey, who serves as director, at 129 East Court Street, Sidney, Ohio 45365.

**14. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2000, the School District contracted with the Nationwide Mutual Insurance Company for general liability insurance with a \$ 1,000,000 single occurrence limit and a \$5,000,000 aggregate. Buildings and business personal property is protected by the Cincinnati Insurance Company and has a \$500 deductible. In the event of an earthquake, a \$5,000 deductible applies. The School District insures electronic data processing equipment in the amount of \$400,000 and electronic data processing media in the amount of \$85,000 with extra expense in the amount of \$150,000 for labor costs to get the system back on line. The School District's deductible for electronic data processing is \$250.

The School District's vehicles are covered under a business policy with the Cincinnati Insurance Company which carries a \$500 deductible and a \$1,000,000 limit on any accident.

Settled claims have not exceeded this commercial coverage in any of the past four years.

The District participates in the Ohio School Board Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The District participates in the Logan County Schools Benefit Plan Association (the Plan); a public entity shared risk pool consisting of one local school district, one joint vocational school district and the Logan County Educational Service Center. The School District pays monthly premiums to the Plan for employee medical benefits. The Plan is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**15. INTERFUND ACTIVITY**

As of fiscal year-end, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$487,838	\$ 0
Special Revenue Fund:		
Economic Education		2,400
Career Education		11,583
Adult Education		133,550
Pass Through Grant		5,578
Tech Prep Grant		225,053
Other Grants		<u>14,674</u>
Total Special Revenue		392,838
Enterprise Fund:		
Food Service		70,000
Uniform School Supply		<u>25,000</u>
Total Enterprise Fund	_____	<u>95,000</u>
Total All Funds	<u>\$487,838</u>	<u>\$487,838</u>

**16. STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school-funding program unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,174,836 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**16. STATE SCHOOL FUNDING DECISION (Continued)**

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

**17. LITIGATION**

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

**18. STATUTORY RESERVES**

As stated in H.B.412 the District is required to maintain through reserves; one for textbooks; one for capital acquisitions; and one for budget stabilization. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, 7/1/99	\$102,899	\$102,899	\$90,953	\$296,751
Required Set Aside	169,535	169,535	56,512	395,582
Offset Credits	0	0	0	0
Qualifying Expenditures	<u>98,017</u>	<u>109,517</u>	<u>0</u>	<u>207,534</u>
Balance, 6/30/00	<u>\$174,417</u>	<u>\$162,917</u>	<u>\$147,465</u>	<u>\$484,799</u>

**19. FUND RECLASSIFICATION**

The District has concluded that the amounts reported in previous years as Internal Service Fund transactions would be more appropriately reported as General Fund/General Fixed Asset Account Group transactions. Therefore the Beginning Fund Balance/Fixed Asset/Retained Earnings Balances have been restated as follows:

	<u>General</u>	<u>General Fixed Asset Account Group</u>	<u>Internal Service</u>
Beginning Balance as previously reported	\$2,532,730	\$12,320,141	(\$13,301)
Reclassification	<u>23,937</u>	<u>62,278</u>	<u>13,301</u>
Beginning Balance as restated	<u>\$2,556,667</u>	<u>\$12,382,419</u>	<u>\$ 0</u>

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL  
LOGAN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Special Milk Program	02-PU 00	10.556	\$2,415	\$2,415
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed through Putman County ESC</i>				
School to Work Program	WK BE 98 WK BE 99 WK BE 00	17.249		4,663 9,974
Total Department of Labor			<u>3,000</u> <u>3,000</u>	<u>14,637</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Direct Program</i>				
Pell Grant		84.063	84,926	84,926
<i>Passed Through Ohio Department of Education</i>				
Adult Education- State Grant Program	AB-SI 99 AB-SI 00	84.002	48,172 53,000	72,582 32,839
Total Adult Education- State Grant Program			<u>101,172</u>	<u>105,421</u>
Vocational Education - Basic Grants to State	20-C1-99 20-C1-00 20-C2-99 20-C2-00 20-A4-98 20-A4-99 20-A4-00 20-A5-99	84.048	43,943 271,614 6,926 38,919 23,000 5,999 61,200 2,094	1,036 295,793 138 45,531 936 3,442 63,409 2,288
Total Vocational Education - Basic Grants to State			<u>453,695</u>	<u>412,573</u>
<i>Passed through Lima Technical College</i>				
Vocational Education - Basic Grants to State	N/A	84.048	3,000	
<i>Passed through Clark State College</i>				
Vocational Education - Basic Grants to State	N/A N/A	84.048	1,560 5,000	30 65
Total Vocational Education - Basic Grants to State			<u>6,560</u>	<u>95</u>
Total All Vocational Education - Basic Grants to State			<u>463,255</u>	<u>412,668</u>
<i>Passed through Ohio Department of Education</i>				
Goals 2000 Subsidy Grant	G2-S2 00	84.276	47,500	24,427
Eisenhower Professional Development Grant	MS-S1 99 MS-S1 00	84.281	1,155	542
Total Eisenhower Professional Development Grant			<u>1,155</u>	<u>542</u>
Innovative Education Program Strategies	C2-S1 99 C2-S1 00	84.298	2,407	1,890
Total Innovative Education Program Strategies			<u>2,407</u>	<u>1,890</u>
Technical Preparation Grant	N/A	84.243	2,659	697
Total Department of Education			<u>703,074</u>	<u>630,571</u>
Total Federal Assistance			<u>\$708,489</u>	<u>\$647,623</u>

*The accompanying note to this schedule is an integral part of this schedule.*

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE A-SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting. Revenues are recognized when received rather than when earned, and expenditures are recorded when paid rather than when the obligation is incurred.

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

Ohio Hi-Point Joint Vocational School  
Logan County  
2280 State Route 540 East  
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the financial statements of Ohio Hi-Point Joint Vocational School District, Logan County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-10246-001. We also noted certain immaterial instances of non-compliance that we have reported to management of the District in a separate letter dated January 22, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 January 22, 2001.

Ohio Hi-Point Joint Vocational School  
Logan County  
Report of Independent Accountants on Compliance And  
On Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

January 22, 2001



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

Ohio Hi-Point Joint Vocational School  
Logan County  
2280 State Route 540 East  
Bellefontaine, Ohio 43311

To the Board of Education:

**Compliance**

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

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

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

**Internal Control Over Compliance**

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

**Internal Control Over Compliance  
(Continued)**

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

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

**Jim Petro**  
Auditor of State

January 22, 2001

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**JUNE 30, 2000**

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

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**JUNE 30, 2000**

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

<b>Finding Number</b>	2000-10246-001
-----------------------	----------------

Ohio Rev. Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover expenses of another fund.

During the year the following funds had negative balances.

- At September 30, 1999, the Special Revenue Adult Education Fund in the amount of \$193,610, and the Enterprise Food Service, and Uniform School Supplies Funds in the amounts of \$46,905 and \$31,171, respectively.
- At December 31, 1999, the Special Revenue Adult Education and the ABLE FY 99 Carryover Funds in the amounts of \$243,509 and \$28,015, respectively, and the Enterprise Food Service and Uniform School Supplies Funds in the amounts of \$51,571 and \$31,501, respectively.
- At March 31, 2000, the Special Revenue Adult Education Fund in the amount of \$206,164, and the Enterprise Food Service and Uniform School Supplies Funds in the amounts of \$49,378 and \$30,120, respectively.
- At May 31, 2000, the Special Revenue Career Education FY00, Adult Education, VEPD FY00, and VEPD Adult FY00 Funds in the in the amounts of \$23,166, \$205,383, \$65,482, and \$12,381, respectively, and Enterprise Food Service and Uniform School Supplies Funds in the amounts of \$50,832 and \$22,540, respectively.

The District should monitor fund balances to help assure compliance with this requirement. If an negative fund balance is anticipated then money should be transferred or advanced into that fund to cover the deficit.

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

None

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
1999-10246-001	ORC Section 149.351(A) Records being maintained	Yes	Fully corrected
1999-10246-002	Inventory Valuation	Yes	No longer valid. The District has eliminated the Internal Service Fund. These inventories are now reported as part of the General Fund







STATE OF OHIO  
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---

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**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 20, 2001**