



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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**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, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

As disclosed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33, *Accounting and Financial Reporting for Non exchange Transactions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

February 4, 2002

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

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$4,080,016	\$277,871	\$593,681	\$1,518,766
Receivables:				
Property Taxes	4,014,166			
Accounts	3,476	73,067		
Intergovernmental		152,723		
Accrued Interest	11,793			
Interfund Receivable	306,966			
Materials and Supplies Inventory	18,776			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	509,458			
Fixed Assets (net, where applicable, of accumulated depreciation)				
<b>Other Debits:</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>	<u>8,944,651</u>	<u>503,661</u>	<u>593,681</u>	<u>1,518,766</u>
<b>Liabilities, Fund Equity, and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	171,349	10,956		80,864
Accrued Wages and Benefits	464,874	50,177		
Compensated Absences Payable	30,927	16,238		
Interfund Payable		186,966		
Deferred Revenue	3,669,384	145,840		
Due to Students				
Loan Payable				
Note Payable				
<b>Total Liabilities</b>	<u>4,336,534</u>	<u>410,177</u>	<u>593,681</u>	<u>80,864</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved, Undesignated				
Fund Balance:				
Reserved for Property Taxes	344,782			
Reserved for Inventory	18,776			
Reserved for Set Asides	509,458			
Reserved for Encumbrances	513,393	50,234		137,910
Unreserved	3,221,708	43,250	593,681	1,299,992
<b>Total Fund Equity and Other Credits</b>	<u>4,608,117</u>	<u>93,484</u>	<u>593,681</u>	<u>1,437,902</u>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<u>\$8,944,651</u>	<u>\$503,661</u>	<u>\$593,681</u>	<u>\$1,518,766</u>

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



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$70,079	\$20,865			\$6,561,278
				4,014,166
720	1,661			78,924
				152,723
				11,793
				306,966
2,006				20,782
				509,458
54,083		12,180,840		12,234,923
			593,681	593,681
			275,921	275,921
<u>126,888</u>	<u>22,526</u>	<u>12,180,840</u>	<u>869,602</u>	<u>24,760,615</u>
516	975			264,660
18,464			1,435	534,950
3,035			296,705	346,905
120,000				306,966
785				3,816,009
	19,242			19,242
			405,333	405,333
			166,129	166,129
<u>142,800</u>	<u>20,217</u>		<u>869,602</u>	<u>5,860,194</u>
		12,180,840		12,180,840
(15,912)				(15,912)
				344,782
				18,776
				509,458
				701,537
	2,309			5,160,940
<u>(15,912)</u>	<u>2,309</u>	<u>12,180,840</u>		<u>18,900,421</u>
<u>\$126,888</u>	<u>\$22,526</u>	<u>\$12,180,840</u>	<u>\$869,602</u>	<u>\$24,760,615</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property Taxes	\$4,246,569					\$4,246,569
Intergovernmental	2,653,122	1,052,848		8,500		3,714,470
Interest	379,315			20,847		400,162
Tuition and Fees	3,215	540,347				543,562
Miscellaneous	207,557	164,992			1,617	374,166
<b>Total Revenues</b>	<u>7,489,778</u>	<u>1,758,187</u>		<u>29,347</u>	<u>1,617</u>	<u>9,278,929</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	582,987					582,987
Special	210,201			3,308		213,509
Vocational	2,148,102	353,384		78,628		2,580,114
Other		910,440		28,307		938,747
Support Services:						
Pupils	355,235	157,578		4,506		517,319
Instructional Staff	518,479	410,225		9,585		938,289
Board of Education	27,673					27,673
Administration	291,318	143,703		4,223		439,244
Fiscal	291,179	2,375		5,143		298,697
Business	163,419	20,539		96,003		279,961
Operation and Maintenance of Plant	927,779			9,976		937,755
Pupil Transportation	12,956					12,956
Central	224,849	71,052				295,901
Non-Instructional		30,315		7,833	1,475	39,623
Capital Outlay	63,330					63,330
Debt Service:						
Principal Retirement			92,199			92,199
Interest and Fiscal Charges			11,103			11,103
<b>Total Expenditures</b>	<u>5,817,507</u>	<u>2,099,611</u>	<u>103,302</u>	<u>247,512</u>	<u>1,475</u>	<u>8,269,407</u>
Excess of Revenues Over (Under) Expenditures	<u>1,672,271</u>	<u>(341,424)</u>	<u>(103,302)</u>	<u>(218,165)</u>	<u>142</u>	<u>1,009,522</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	4,965					4,965
Operating Transfers In		300,000		300,000		600,000
Operating Transfers Out	(600,000)					(600,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(595,035)</u>	<u>300,000</u>		<u>300,000</u>		<u>4,965</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,077,236	(41,424)	(103,302)	81,835	142	1,014,487
Fund Balances at Beginning of Year (Restated - Note 4)	3,512,105	134,908	696,983	1,356,067	2,167	5,702,230
Change - Reserve for Inventory	18,776					18,776
<b>Fund Balances at End of Year</b>	<u>\$4,608,117</u>	<u>\$93,484</u>	<u>\$593,681</u>	<u>\$1,437,902</u>	<u>\$2,309</u>	<u>\$6,735,493</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 FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$4,129,862	\$4,129,862				
Intergovernmental	2,653,123	2,653,123		1,239,116	1,239,116	
Investment	392,011	392,011				
Tuition and Fees	3,140	3,140		547,574	547,574	
Miscellaneous	222,898	222,898		158,109	158,627	
<b>Total Revenues</b>	<u>7,401,034</u>	<u>7,401,034</u>		<u>1,944,799</u>	<u>1,945,317</u>	
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	628,927	599,415	29,512			
Special	239,751	209,488	30,263			
Vocational	2,376,179	2,309,145	67,034	394,178	390,487	3,691
Other				937,190	909,355	27,835
Support Services:						
Pupils	435,853	380,051	55,802	209,917	181,258	28,659
Instructional Staff	603,895	519,916	83,979	515,357	441,856	73,501
Board of Education	51,434	36,070	15,364			
Administration	329,308	312,563	16,745	151,946	150,694	1,252
Fiscal	324,962	303,488	21,474	2,375	2,375	
Business	318,107	223,942	94,165	23,523	23,521	2
Operation and Maintenance of Plant	1,106,673	956,699	149,974			
Pupil Transportation	23,609	17,100	6,509			
Central	271,073	229,428	41,645	83,750	70,970	12,780
Operation of Non-Instructional Services				33,352	30,315	3,037
Capital Outlay	279,365	277,736	1,629			
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<u>6,989,136</u>	<u>6,375,041</u>	<u>614,095</u>	<u>2,351,588</u>	<u>2,200,831</u>	<u>150,757</u>
Excess of Revenues Over (Under) Expenditures	<u>411,898</u>	<u>1,025,993</u>	<u>614,095</u>	<u>(406,789)</u>	<u>(255,514)</u>	<u>150,757</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	2,925	2,925				
Advances In	1,138,176	1,138,176		791,786	791,786	
Advances Out	(958,000)	(956,786)	1,214		(998,176)	(998,176)
Operating Transfers In				300,000	300,000	
Operating Transfers Out	(609,000)	(600,000)	9,000			
<b>Total Other Financing Sources (Uses)</b>	<u>(425,899)</u>	<u>(415,685)</u>	<u>10,214</u>	<u>1,091,786</u>	<u>93,610</u>	<u>(998,176)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(14,001)</u>	<u>610,308</u>	<u>624,309</u>	<u>684,997</u>	<u>(161,904)</u>	<u>(846,901)</u>
Fund Balances at Beginning of Year (Includes Prior Year Encumbrances Appropriated)	<u>3,306,435</u>	<u>3,306,435</u>		<u>382,209</u>	<u>382,209</u>	
<b>Fund Balances at End of Year</b>	<u>\$3,292,434</u>	<u>\$3,916,743</u>	<u>\$624,309</u>	<u>\$1,067,206</u>	<u>\$220,305</u>	<u>(\$846,901)</u>

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)
			8,500	8,500	
			20,847	20,847	
			<u>29,347</u>	<u>29,347</u>	
			40,400		40,400
			3,600	3,308	292
			234,256	150,772	83,484
			29,169	28,307	862
			8,167	4,506	3,661
			24,278	18,103	6,175
			11,778	4,223	7,555
			15,000	5,143	9,857
			168,970	151,839	17,131
			11,889	9,976	1,913
					0
			34,500		34,500
			22,260	10,093	12,167
			186,800	1,747	185,053
92,199	92,199				
11,801	11,103	698			
<u>104,000</u>	<u>103,302</u>	<u>698</u>	<u>791,067</u>	<u>388,017</u>	<u>403,050</u>
(104,000)	(103,302)	698	(761,720)	(358,670)	403,050
			300,000	300,000	
			<u>300,000</u>	<u>300,000</u>	
(104,000)	(103,302)	698	(461,720)	(58,670)	403,050
696,983	696,983		1,359,065	1,359,065	
<u>\$592,983</u>	<u>\$593,681</u>	<u>\$698</u>	<u>\$897,345</u>	<u>\$1,300,395</u>	<u>\$403,050</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Fund</u>
<b>Operating Revenues:</b>	
Charges for Services	<u>\$282,433</u>
<b>Operating Expenses:</b>	
Salaries	88,180
Fringe Benefits	23,903
Purchased Services	1,069
Materials and Supplies	182,236
Depreciation	<u>9,586</u>
<b>Total Operating Expenses</b>	<u>304,974</u>
<b>Operating Loss</b>	<u>(22,541)</u>
<b>Non-Operating Revenues:</b>	
Donated Commodities	1,689
Operating Grants	<u>13,168</u>
<b>Total Non-Operating Revenues</b>	14,857
<b>Net Loss</b>	(7,684)
Retained Earnings at Beginning of Year	<u>(8,228)</u>
Retained Earnings at End of Year	<u><u>(\$15,912)</u></u>

*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, 2001**

<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$281,713
Cash Payments for Salaries	(109,512)
Cash Payments to Suppliers for Goods and Services	(180,458)
Cash Payments for Other Expenses	<u>(1,069)</u>
Net Cash Used for Operating Activities	<u>(9,326)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Cash Received from Operating Grants	13,410
Cash Received from Advances In	140,000
Cash Payments for Advances Out	<u>(115,000)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>38,410</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>29,084</b>
Cash and Cash Equivalents at Beginning of Year	<u>40,995</u>
Cash and Cash Equivalents at End of Year	<u><u>70,079</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>	
Operating Loss	(22,541)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</b>	
Depreciation Expense	9,586
Donated Commodities Used	1,689
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(720)
Increase in Materials and Supplies Inventory	(857)
Increase in Accounts Payable	161
Increase in Accrued Wages and Benefits	1,919
Increase in Deferred Revenue	785
Increase in Compensated Absences Payable	<u>652</u>
<b>Net Cash Used for Operating Activities</b>	<u><u>(\$9,326)</u></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**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**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 District exposes students to job training leading to employment upon graduation from high school. The District includes fourteen member schools throughout Logan, Hardin, Champaign, Union, Shelby, Madison, and Auglaize counties.

The District was established on January 27, 1970. It is staffed by approximately 40 non-certified employees and approximately 80 certified full-time teaching personnel who provide services to approximately 398 high school students and approximately 2,039 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 the District, this includes general operations, food service, and student related activities of the 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 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, 2001  
(Continued)**

**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**

The 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**

The 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**

The 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**

The 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, 2001  
(Continued)**

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

**Enterprise Funds**

The 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 in the same manner as governmental funds. The 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 account group 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 account group 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**

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

All proprietary fund types 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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 District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

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, income taxes, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period 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.

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**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.
- (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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

- (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.

**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.

**F. Cash and Investments**

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

At year-end investments were limited to STAR Ohio, repurchase agreements, and certificates of deposit. During the year the District also had investments in no load mutual funds, commercial paper, and U.S. Treasury Notes and Bonds. 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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 2001 amounted to \$379,315 and \$20,847 respectively. The general fund amount included \$49,112 assigned from other school district funds.

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 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 1 year.
2. 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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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

**Entitlements:**

**General Fund**

State Foundation Program  
State Property Tax Relief

**Special Revenue Funds**

Local Professional Development  
Education Management Information System

**Non-Reimbursement Grants:**

**Special Revenue Funds**

Economic Education  
Adult Basic Literacy Education  
Adult Basic Education  
Dwight Eisenhower Professional Development Program Title II  
Vocational Education - Technical Preparation  
Venture Capital  
ISO  
Tech Prep  
School Net Professional Development  
School Net One Net  
School Net  
School Net Praise Grant  
Title VI Innovative Education

**Intergovernmental Revenues:**

School To Work Opportunities  
Safe School Help Line

**Agency Funds:**

Ohio Industrial Training  
Federal Pell Grant

**Reimbursable Grants:**

**General Fund**

Telecommunication Subsidy Payment



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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**Special Revenue Funds**

Adult Vocational Education  
Post-Secondary Vocation Education - Full Service Center  
Teacher Development Program - Block Grant  
Vocational Education - Carl D. Perkins Title 11

**Enterprise Fund**

Federal School Lunch Program  
Special Milk Program

Grants and entitlements amounted to approximately thirty-eight percent (38%) 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 ,2001.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**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 capital maintenance reserve and a textbook reserve. A fund balance reserve has also been established in the amount of \$509,458 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, 2001  
(Continued)**

**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 160 days.

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

The 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. 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. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. Statement No. 36 did not have a material impact on the financial statements.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. RESTATEMENT OF FUND EQUITY**

**Adoption of GASB Statement No. 33.**

The restatement for GASB Statement No. 33 had the following effect on fund balance as it was previously reported as of June 30, 2000.

	<b>Special Revenue</b>
Fund Balance as Previously Reported	\$115,511
Intergovernmental Receivable	19,397
Restated Fund Balance at June 30, 2000	<b>\$134,908</b>

The restatement had the following effect on the excess of revenues over expenditures as previously reported for the fiscal year ended June 30, 2000.

	<b>Special Revenue</b>
Excess as Previously Reported	\$97,946
Intergovernmental Revenue	19,397
Restated Amount for the Fiscal Year Ended June 30, 2000	<b>\$117,343</b>

**5. 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, or by savings or deposit accounts including, but not limited to, passbook accounts.

**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. 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 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  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**5. 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 two 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 \$4,164,226. The bank balance of deposits was \$4,315,545 and of the bank balance, \$446,760 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, 2001  
(Continued)**

**5. 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:

<b>Investments</b>	<b>Risk Category</b>	<b>Carrying Value / Fair Value</b>
Repurchase Agreement	Category 3	\$ 85,810
STAR Ohio	N/A	<u>2,820,400</u>
		<u><u>\$2,906,210</u></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:

	<b>Pooled Cash and Cash Equivalents</b>	<b>Investments</b>
Combined Balance Sheet	\$7,070,736	
Cash on Hand	(300)	
Repurchase Agreement	(85,810)	85,810
Star Ohio	<u>(2,820,400)</u>	<u>2,820,400</u>
GASB Statement 3	<u><u>\$4,164,226</u></u>	<u><u>\$2,906,210</u></u>

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. 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 2002 were based, are as follows:

Tangible Personal	\$ 584,880,242
Public Utility and Real Estate	<u>1,675,905,420</u>
Total Assessed Property Value	<u>\$2,260,785,662</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 Auditors in their District. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002 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.

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, 2001 was \$344,782 and was recognized as revenue. The amount, which was available for advance at June 30, 2000, was \$228,075.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**7. 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	\$	\$	\$ 441,538
Building	8,005,370		236,620	7,768,750
Equipment	3,599,558	251,907	10,819	3,840,646
Vehicles	<u>129,906</u>			<u>129,906</u>
Totals	<u>\$12,176,372</u>	<u>\$251,907</u>	<u>\$247,439</u>	<u>\$12,180,840</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>(123,776)</u>
Net Fixed Assets	<u>\$ 54,083</u>

**8. LONG-TERM DEBT**

During the year ended June 30, 2001, 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>
Loan Payable	\$456,000		(\$50,667)	\$405,333
Note payable	207,661		(41,532)	166,129
Compensated Absences	297,103		(398)	296,705
Accrued Wages and Benefits	<u>1,185</u>	<u>250</u>		<u>1,435</u>
Total	<u>\$961,949</u>	<u>\$250</u>	<u>(\$92,597)</u>	<u>\$869,602</u>

**A. Vocational Building Assistance Loan**

On January 31, 1994, the District received a loan 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 Note**

On August 10, 1994, the District issued an unvoted general obligation note for the purpose of providing energy conservation measures for the 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.



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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**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 the loan and the note:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	50,666		50,666
2007-2009	<u>152,000</u>		<u>152,000</u>
Total	<u>\$571,462</u>	<u>\$22,220</u>	<u>\$593,682</u>

**9. SEGMENT INFORMATION**

**Enterprise Funds**

The District maintains three Enterprise Funds to account for the operations of food service, uniform school supplies, 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	\$175,700	\$47,149	\$ 59,584	\$282,433
Operating Expenses				
Before Depreciation	168,166	74,104	53,118	295,388
Depreciation	9,586			9,586
Operating Income (Loss)	(27,052)	(1,955)	6,466	(22,541)
Donated Commodities	1,689			1,689
Operating Grants	13,168			13,168
Net Income (Loss)	(12,195)	(1,955)	6,466	(7,684)
Net Working Capital	(65,008)	(24,122)	19,135	(69,995)
Total Assets	78,223	25,953	22,712	126,888
Total Liability	89,148	50,075	3,577	142,800
Total Equity	(10,925)	(24,122)	19,135	(15,912)

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS**

**A. 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 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. 4.2 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$33,780, \$50,566, and \$67,856 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 percent of the annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligation, for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$319,199, \$230,770, and \$217,978, respectively.

**C. Social Security System**

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. POST EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the 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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$150,726 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000. There were 90,011 eligible benefit 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 fiscal year 2001, employer costs to fund health care benefits were 9.8 percent of covered payroll, a decrease of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established as \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$86,965 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

**12. 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:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**12. BUDGETARY BASIS OF ACCOUNTING**

**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	\$1,077,236	(\$41,424)	(\$103,302)	\$81,835
Net Adjustment for Revenue Accruals	1,047,392	978,398		
Net Adjustment for Expenditure Accruals	(841,589)	(1,041,312)		77,866
Net Adjustments for Encumbrances	<u>(672,731)</u>	<u>(57,566)</u>	<u>      </u>	<u>(218,371)</u>
Budgetary Basis	<u>\$610,308</u>	<u>(\$161,904)</u>	<u>(\$103,302)</u>	<u>(\$58,670)</u>

**13. COMPLIANCE AND ACCOUNTABILITY**

**Accountability - Fund Deficits**

At June 30, 2001, the Enterprise Fund has a deficit fund balance of \$15,912, 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.

**14. 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, 2001  
(Continued)**

**15. JOINTLY GOVERNED ORGANIZATIONS**

**Western Ohio Computer Organization (WOCO)** - The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami and Champaign Counties. The organization was formed for the purpose of applying modem 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.

**16. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2001, the 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 District insures electronic data processing equipment in the amount of \$500,000 and electronic data processing media in the amount of \$160,250 with extra expense in the amount of \$150,000 for labor costs to get the system back on line. The District's deductible for electronic data processing is \$250.

The 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.

**Ohio School Board Association Workers' Compensation Group Rating Plan** - 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.

**Logan County Schools Benefit Plan Association** - 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, 2001  
(Continued)**

**17. INTERFUND ACTIVITY**

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

Fund Type/Fund	Interfund Receivables	Interfund Payables
General	\$306,966	\$ 0
Special Revenue Fund:		
Economic Education		2,400
Career Education		12,382
Adult Education		4,500
Pass Through Grant		518
Tech Prep Grant		83,110
ABLE Grants		<u>84,056</u>
Total Special Revenue		186,966
Enterprise Fund:		
Food Service		70,000
Uniform School Supply	_____	<u>50,000</u>
Total Enterprise Fund		<u>120,000</u>
Total All Funds	<u>\$306,966</u>	<u>\$306,966</u>

**18. STATE SCHOOL FUNDING DECISION**

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

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

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

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of February 4, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Supreme Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**18. 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 decision and the reconsideration will have on its future State funding and on its financial operations.

**19. LITIGATION**

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

**20. STATUTORY RESERVES**

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

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization, which was eliminated by S.B. 345 during fiscal year 2001

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, 7/1/00	\$174,417	\$162,917	\$147,465	\$484,799
Transfer to Undesignated General Fund (Per Senate Bill 345)			(107,962)	(107,962)
Transfer BWC portion to Capital Maintenance Reserve (Per Senate Bill 345)		39,503	(39,503)	
Required Set Aside Offset Credits	184,760	184,760		369,520
Qualifying Expenditures	<u>(149,587)</u>	<u>(87,312)</u>	<u>          </u>	<u>(236,899)</u>
Balance, 6/30/01	<u>\$209,590</u>	<u>\$299,868</u>	<u>\$      0</u>	<u>\$509,458</u>

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

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$1,689		\$965
School Breakfast Program	05-PU 01	10.553	1,828		1,828	
School Lunch Program	LL-P4 00	10.555	381		381	
School Lunch Program	LL-P1 00	10.555	1,133		1,133	
School Lunch Program	LL-P1 01	10.555	9,826		9,826	
Special Milk Program	02-PU 00	10.556	242		242	
Total U.S. Department of Agriculture - Nutrition Cluster			13,410	1,689	13,410	965
<b>U.S. DEPARTMENT OF LABOR</b>						
<i>Passed through Putman County ESC</i>						
School to Work Program	WK BE 00	17.249	14,638		163	
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Direct Program</i>						
Pell Grant		84.063	53,569		53,569	
<i>Passed Through Ohio Department of Education</i>						
Adult Education- State Grant Program	AB-SI 00	84.002	20,853		40,226	
	AB-SI 00 C		41,066		36,171	
	AB-SI 01		48,827		46,938	
Total Adult Education- State Grant Program			110,746		123,335	
Vocational Education - Basic Grants to State	20-A4-00	84.048	10,800		6,267	
	20-C1-00	84.048	46,372		23,753	
	20-C1-01	84.048	274,127		277,383	
	20-C2-01	84.048	74,329		87,307	
	20-C2-00	84.048	6,868		217	
Total Vocational Education - Basic Grants to State			412,496		394,927	
Goals 2000 Subsidy Grant	G2-S2 00	84.276			23,073	
Eisenhower Professional Development Grant	MS-S1 00	84.281			200	
	MS-S1 01	84.281	970		70	
Total Eisenhower Professional Development Grant			970		270	
Title VI, Innovative Education Program Strategies	C2-S1 99	84.298			2,393	
	C2-S1 01	84.298	404			
Total Title VI, Innovative Education Program Strategies			404		2,393	
<i>Passed through Clark State College</i>						
Vocational Education - Basic Grants to State	N/A	84.048			3,956	
<i>Passed through Lima Technical College</i>						
Technical Preparation Grant	N/A	84.243	1,941		320	
Total Department of Education			580,126		601,843	
Total Federal Assistance			\$608,174	\$1,689	\$615,416	\$965

*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, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District'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.

**NOTE B - NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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, 2001, and have issued our report thereon dated February 4, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that we have reported to management of the District in a separate letter dated February 4, 2002.

**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 February 4, 2002.

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

February 4, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

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

**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

February 4, 2002

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

<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

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

None.

**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, 2001  
SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2001

<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>
2000-10246-001	ORC Section 5705.10 Negative balances	Yes	Fully corrected





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**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  
MARCH 5, 2002**