



**Auditor of State  
Betty Montgomery**



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

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Ohio Hi-Point Joint Vocational School District  
Logan County  
2280 State Route 540 East  
Bellefontaine, Ohio 43311-9594

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Ohio Hi-Point Joint Vocational School District, Logan County, (the "District"), as of and for the fiscal year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District, as of June 30, 2004, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the fiscal year ended June 30, 2004, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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The Management Discussion and Analysis and the budgetary comparison for the General Fund and the major Special Revenue Fund are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards expenditures provides additional information and is not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

June 1, 2005

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2004**  
(Unaudited)

The discussion and analysis of Ohio Hi-Point Joint Vocational School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- Net assets of governmental activities increased \$662,362 which represents a 5% increase from 2003.
- General revenues accounted for \$8,385,054 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,131,445 or 20% of total revenues of \$10,516,499.
- Total assets of governmental activities increased by \$1,759,024 as taxes receivable increased by \$613,576 while cash and other receivables increased by \$1,067,433.
- The District had \$9,854,137 in expenses related to governmental activities; only \$2,131,445 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,385,054 were adequate to provide for these programs.
- As a major fund, the General Fund had \$7,917,872 in revenues and \$7,109,258 in expenditures. The General Fund's balance increased from \$7,349,869 to \$7,923,483. The Post Secondary Vocational Education Fund had \$1,195,948 in revenues and \$1,376,957 in expenditures. The Post Secondary Vocational Education Fund's balance increased from (\$33,857) to \$20,134.

## Using this Basic Financial Statement Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General and Post Secondary Vocational Education Funds are the major funds of the District.

## Reporting the School District as a Whole

### *Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2004?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

## Reporting the District's Most Significant Funds

### *Fund Financial Statements*

The analysis of the District's major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.



**Governmental Funds** Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District’s net assets for 2004. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2003 are not available.

Table 1  
Net Assets

	<u>Governmental Activities</u>
	<u>2004</u>
Assets	
Current and Other Assets	\$14,594,996
Capital Assets	<u>6,285,374</u>
Total Assets	<u>20,880,370</u>
Liabilities	
Long-Term Liabilities	650,596
Other Liabilities	<u>5,689,952</u>
Total Liabilities	<u>6,340,548</u>
Net Assets	
Invested in Capital	
Assets Net of Debt	6,310,511
Restricted	707,250
Unrestricted	<u>7,522,061</u>
Total Net Assets	<u>\$14,539,822</u>

Over time, net assets can serve as a useful indicator of a government’s financial position. At June 30, 2004, the District’s assets exceeded liabilities by \$14,539,822.

At year-end, capital assets represented 30% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2004, was \$6,310,511. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$707,250, represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Table 2 shows the change in net assets for fiscal year 2004. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2003 are not available.

Table 2  
Changes in Net Assets

	<u>Governmental Activities 2004</u>
Revenues	
Program Revenues:	
Charges for Services	\$927,173
Operating Grants	1,204,272
General Revenue:	
Property Taxes	4,686,723
Grants and Entitlements	3,191,886
Other	<u>506,445</u>
Total Revenues	<u>10,516,499</u>
Program Expenses:	
Instruction	5,122,380
Support Services:	
Pupil and Instructional Staff	1,697,591
School and General Administration, Fiscal and Business	1,074,291
Operations and Maintenance	1,181,840
Pupil Transportation	26,619
Central	377,586
Operation of Non-Instructional Services	366,409
Miscellaneous Expenditures	<u>7,421</u>
Total Expenses	<u>9,854,137</u>
Increase in Net Assets	<u>662,362</u>
Beginning Net Assets	<u>13,877,460</u>
Ending Net Assets	<u>\$14,539,822</u>

Of the total governmental activities revenues of \$10,516,499, \$2,131,445 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$4,686,723 (56%) comes from property tax levies and \$3,191,886 (38%) is from state and federal funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

Net assets increased \$662,362, which was caused by an increase in intergovernmental and taxes revenue (levies, grants, etc.).

**Governmental Activities**

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 75% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 45% of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises 52% of governmental program expenses. Support services expenses were 48% of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2003 have not been made since they are not available.

Table 3  
Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004
Instruction	\$5,122,380	\$3,875,359
Support Services:		
Pupil and Instructional Staff	1,697,591	1,118,111
General and School Administration,		
Fiscal and Business	1,074,291	904,277
Operations and Maintenance	1,181,840	1,172,868
Pupil Transportation	26,619	26,619
Central	377,586	372,500
Operation of Non-Instructional Services	366,409	248,510
Miscellaneous Expenditure	<u>7,421</u>	<u>4,448</u>
Total Expenses	<u>\$9,854,137</u>	<u>\$7,722,692</u>

## The District's Major Funds

Information about the District's major funds is presented in the Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. The general fund balance increased from \$7,349,869 to \$7,923,483. A key factor for this increase is an increase in tax revenue. The Post Secondary Vocational Education fund balance increased from (\$33,857) to \$20,134.

## General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2004, the District amended its general fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$7,843,181, above original budget estimates of \$7,003,966. Of this \$839,215 difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

The District's ending unobligated cash balance was \$1,496,370 above the final budgeted amount.

## Capital Assets and Debt Administration

### *Capital Assets*

At the end of fiscal 2004, the District had \$6,285,374 invested in land, construction in progress, buildings, and equipment. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

	<u>Governmental Activities</u>	
	<u>2003 Restated</u>	<u>2004</u>
Land	\$412,076	\$412,076
Construction in Progress	0	134,966
Buildings and Improvements	4,177,213	4,100,855
Equipment	<u>1,590,958</u>	<u>1,637,477</u>
Total Net Assets	<u>\$6,180,247</u>	<u>\$6,285,374</u>

The increase in capital assets is due to \$105,127 in construction in progress, building and improvements and equipment additions and deletions, offset by the recognition of depreciation expense. This District continues its ongoing commitment to maintaining and improving its capital assets.

**Debt**

At June 30, 2004, the District had \$228,000 in loans payable, \$50,667 due within one year. Table 5 summarizes bonds outstanding at year end.

Table 5  
Outstanding Debt, at Year End

	<u>Governmental Activities 2003 Restated</u>	<u>Governmental Activities 2004</u>
Loan Payable:		
1994 School Facilities Loan	<u>\$278,667</u>	<u>\$228,000</u>

See the notes to the basic financial statements for more detailed information concerning capital assets and debt.

**For the Future**

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

**Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Eric Adelsberger, Treasurer at Ohio Hi-Point Joint Vocational School District, 2280 State Route 540, Bellefontaine, Ohio 43311.

Ohio Hi-Point Joint Vocational School District  
Statement of Net Assets  
June 30, 2004

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$8,844,501
Restricted Cash and Investments	7,536
Receivables:	
Taxes	4,974,842
Accounts	133,745
Interest	8,131
Intergovernmental	624,697
Inventory	1,544
Nondepreciable Capital Assets	547,042
Depreciable Capital Assets, Net	<u>5,738,332</u>
 Total Assets	 <u>20,880,370</u>
Liabilities:	
Accounts Payable	118,218
Accrued Wages and Benefits	686,439
Retainage Payable	3,496
Contracts Payable	112,670
Deferred Revenue	4,769,129
Long-Term Liabilities:	
Due Within One Year	90,797
Due In More Than One Year	<u>559,799</u>
 Total Liabilities	 <u>6,340,548</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	6,057,374
Restricted for:	
Special Revenue	12,877
Debt Service	253,332
Capital Projects	437,001
Set-Aside	4,040
Unrestricted	<u>7,775,198</u>
 Total Net Assets	 <u>\$14,539,822</u>

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$959,843	\$10,040	\$193,945	(\$755,858)
Special	289,883	0	0	(289,883)
Vocational	2,697,057	0	36,480	(2,660,577)
Adult/Continuing	1,175,597	606,082	400,474	(169,041)
<b>Support Services:</b>				
Pupil	688,048	0	212,599	(475,449)
Instructional Staff	1,009,543	141,025	225,856	(642,662)
General Administration	73,847	0	26,625	(47,222)
School Administration	479,285	95,727	43,495	(340,063)
Fiscal	328,360	0	0	(328,360)
Business	192,799	781	3,386	(188,632)
Operations and Maintenance	1,181,840	8,972	0	(1,172,868)
Pupil Transportation	26,619	0	0	(26,619)
Central	377,586	0	5,086	(372,500)
Operation of Non-Instructional Services	366,409	64,546	53,353	(248,510)
Miscellaneous Expenditures	7,421	0	2,973	(4,448)
<b>Total Governmental Activities</b>	<b>9,854,137</b>	<b>927,173</b>	<b>1,204,272</b>	<b>(7,722,692)</b>

**General Revenues:**

Property Taxes Levied for:

General Purposes	4,686,723
Grants and Entitlements not Restricted to Sp	3,191,886
Unrestricted Contributions	152,075
Investment Earnings	104,822
Other Revenues	249,548

**Total General Revenues and Transfers** 8,385,054

Change in Net Assets 662,362

Net Assets Beginning of Year 13,877,460

Net Assets End of Year \$14,539,822

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District  
 Balance Sheet  
 Governmental Funds  
 June 30, 2004

	General	Post Secondary Vocational Education	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$7,852,377	\$35,063	\$957,061	\$8,844,501
Restricted Cash and Investments	4,040	0	3,496	7,536
<b>Receivables:</b>				
Taxes	4,974,842	0	0	4,974,842
Accounts	14,005	119,740	0	133,745
Interest	8,131	0	0	8,131
Intergovernmental	464,850	23,412	136,435	624,697
Interfund	280,805	0	0	280,805
Inventory	0	0	1,544	1,544
<b>Total Assets</b>	<b>13,599,050</b>	<b>178,215</b>	<b>1,098,536</b>	<b>14,875,801</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	92,738	4,262	21,218	118,218
Accrued Wages and Benefits	525,374	119,410	30,250	675,034
Compensated Absences	13,634	1,816	0	15,450
Retainage Payable	0	0	3,496	3,496
Contracts Payable	0	0	112,670	112,670
Interfund Payable	0	23,411	257,394	280,805
Deferred Revenue	5,043,821	9,182	113,123	5,166,126
<b>Total Liabilities</b>	<b>5,675,567</b>	<b>158,081</b>	<b>538,151</b>	<b>6,371,799</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	146,585	9,289	257,111	412,985
Reserved for Inventory	0	0	1,544	1,544
Reserved for Property Tax Advances	395,871	0	0	395,871
Reserved for Set-Aside	4,040	0	0	4,040
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	7,376,987	0	0	7,376,987
Special Revenue Funds	0	10,845	(157,721)	(146,876)
Debt Service Funds	0	0	253,332	253,332
Capital Projects Funds	0	0	206,119	206,119
<b>Total Fund Balances</b>	<b>7,923,483</b>	<b>20,134</b>	<b>560,385</b>	<b>8,504,002</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$13,599,050</b>	<b>\$178,215</b>	<b>\$1,098,536</b>	<b>\$14,875,801</b>

See accompanying notes to the basic financial statements.



Ohio Hi-Point Joint Vocational School District  
Reconciliation of Total Governmental Fund Balance to  
Net Assets of Governmental Activities  
June 30, 2004

---

Total Governmental Fund Balance \$8,504,002

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 6,285,374

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds.

Delinquent Property Taxes	274,692	
Intergovernmental	<u>122,305</u>	
		396,997

Some liabilities reported in the statement of net assets do not  
require the use of current financial resources and therefore  
are not reported as liabilities in governmental funds.

Pension Obligation	(11,405)	
Compensated Absences	<u>(407,146)</u>	
		(418,551)

Long-term liabilities, are not due and payable in the current  
period and therefore are not reported in the funds. (228,000)

Net Assets of Governmental Activities \$14,539,822

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2004

	General	Post Secondary Vocational Education	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$4,412,031	\$0	\$0	\$4,412,031
Tuition and Fees	10,040	712,177	76,244	798,461
Investment Earnings	104,134	0	688	104,822
Intergovernmental	3,191,886	363,711	862,365	4,417,962
Charges for Services	0	119,740	0	119,740
Other Revenues	199,781	320	210,494	410,595
<b>Total Revenues</b>	<b>7,917,872</b>	<b>1,195,948</b>	<b>1,149,791</b>	<b>10,263,611</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	725,453	0	185,866	911,319
Special	285,621	0	0	285,621
Vocational	2,531,490	0	42,595	2,574,085
Adult/Continuing	9,402	1,025,751	137,518	1,172,671
<b>Support Services:</b>				
Pupil	475,277	416	200,328	676,021
Instructional Staff	626,770	203,076	149,119	978,965
General Administration	41,722	0	24,000	65,722
School Administration	321,877	146,551	2,978	471,406
Fiscal	334,038	0	0	334,038
Business	190,537	1,163	3,000	194,700
Operations and Maintenance	1,144,238	0	0	1,144,238
Pupil Transportation	31,276	0	0	31,276
Central	383,291	0	5,000	388,291
Operation of Non-Instructional Services	3,241	0	345,684	348,925
Miscellaneous Expenditures	2,247	0	5,174	7,421
Capital Outlay	2,778	0	284,383	287,161
<b>Debt Service:</b>				
Principal Retirement	0	0	50,667	50,667
<b>Total Expenditures</b>	<b>7,109,258</b>	<b>1,376,957</b>	<b>1,436,312</b>	<b>9,922,527</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>808,614</b>	<b>(181,009)</b>	<b>(286,521)</b>	<b>341,084</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	235,000	0	235,000
Transfers (Out)	(235,000)	0	0	(235,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(235,000)</b>	<b>235,000</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>573,614</b>	<b>53,991</b>	<b>(286,521)</b>	<b>341,084</b>
<b>Fund Balance Beginning of Year</b>	<b>7,349,869</b>	<b>(33,857)</b>	<b>846,906</b>	<b>8,162,918</b>
<b>Fund Balance End of Year</b>	<b>\$7,923,483</b>	<b>\$20,134</b>	<b>\$560,385</b>	<b>\$8,504,002</b>

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2004

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Net Change in Fund Balance - Total Governmental Funds \$341,084

Amounts reported for governmental activities in the  
 statement of activities are different because:

Governmental funds report capital asset additions as expenditures.  
 However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	641,589	
Depreciation Expense	<u>(536,462)</u>	105,127

Revenues in the statement of activities that do not provide  
 current financial resources are not reported as revenues in  
 the funds.

Delinquent Property Taxes	274,692	
Intergovernmental	<u>(21,804)</u>	252,888

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net assets. 50,667

Some expenses reported in the statement of activities do not require the  
 use of current financial resources and therefore are not reported as  
 expenditures in governmental funds.

Pension Obligation	(9,008)	
Compensated Absences	<u>(78,396)</u>	<u>(87,404)</u>

Change in Net Assets of Governmental Activities \$662,362

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2004

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	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$3,442	\$11,702
Total Assets	<u>3,442</u>	<u>\$11,702</u>
Liabilities:		
Other Liabilities	0	11,702
Total Liabilities	<u>0</u>	<u>\$11,702</u>
Net Assets:		
Held in Trust	<u>3,442</u>	
Total Net Assets	<u>\$3,442</u>	

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2004

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	<u>Private Purpose Trust</u>
Additions:	
Other	<u>\$2,727</u>
Total Additions	<u>2,727</u>
Deductions:	
Operation of Non-Instructional Services	<u>2,000</u>
Total Deductions	<u>2,000</u>
Change in Net Assets	727
Net Assets Beginning of Year	<u>2,715</u>
Net Assets End of Year	<u><u>\$3,442</u></u>

See accompanying notes to the basic financial statements.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2004**

**1. DESCRIPTION OF THE DISTRICT**

Ohio Hi-Point Joint Vocational School 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 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. Ohio Hi-Point Joint Vocational School District includes fourteen member schools throughout Logan, Hardin, Champaign, Union and Auglaize counties.

The District was established on January 27, 1970. It is staffed by approximately 41 non-certified employees and approximately 78 certified full-time teaching personnel who provide services to approximately 466 high school students and approximately 2,563 adult students and other community members.

**REPORTING ENTITY**

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

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

The District is associated with one jointly governed organizations and two insurance purchasing pools. These organizations are the Western Ohio Computer Organization, the Logan County Schools Benefit Plan Association and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations and the District's participation are discussed in notes to the basic financial statements.

## **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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

### **MEASUREMENT FOCUS**

#### **Government-wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

#### **Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary Funds are reported using the economic resources measurement focus.

## **FUND ACCOUNTING**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

### **Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major funds:

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

Post Secondary Vocational Education – The post secondary vocation education fund is used to account for federal funds for the development of vocational education programs.

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary funds are a private purpose trust fund and two agency funds. The private purpose trust fund accounts for scholarship programs for students. The student managed activity agency fund accounts for those student activity programs. The grant agency fund accounts for Pell Grant money awarded to adult students for tuition.

## **BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.



## Revenues – Exchange and Non-exchange Transactions

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

## Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

## Expenses/Expenditures

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.

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. However, debt service expenditures, as well as any expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

## **CASH AND CASH EQUIVALENTS**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

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

During the current fiscal year, investments were limited to STAR Ohio, overnight sweep account, U.S. agency securities, money market account and certificates of deposit.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2004 amounted to \$104,822.

## **INVENTORY**

Inventories are presented at cost on a first in, first out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

## **CAPITAL ASSETS**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars (\$500). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Building Improvements	10 - 40 years
Buildings	30 - 50 years
Furniture and Equipment	5 - 20 years

### **INTERFUND BALANCES**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

### **COMPENSATED ABSENCES**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Employees may accumulate unlimited sick leave.

Each employee upon retirement with a minimum of five (5) years Ohio Hi Point Vocational School employment shall receive severance payment, based upon the employee's rate of pay at retirement, equal to 27 ½% of the employee's accumulated, but unused sick leave at retirement up to a maximum accrual of 200 days or a maximum of 55 days severance payment.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

## **NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## **INTERFUND ACTIVITY**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

## **FUND EQUITY**

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for inventory, encumbrances, budgetary set-asides and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

## **ESTIMATES**

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

## **RESTRICTED ASSETS**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

## **ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

## **CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2004, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 37 amends parts of Statement No. 34. The statement places restrictions on items to include in the MD&A and allows governments to use the modified approach for infrastructure.

GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements. Governments should provide details about variable rate debt, details about major components of receivables and payables, and transfers by major funds as well as a general description of the purpose of the transfer.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the District not being able to present budgetary comparisons for the general and each major special revenue fund.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003.

### RESTATEMENT OF FUND BALANCE

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Post Secondary Vocational Education</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2003	\$7,349,869	(\$113,625)	\$864,209	\$8,100,453
Fund Reclassification	<u>0</u>	<u>79,768</u>	<u>(17,303)</u>	<u>62,465</u>
Adjusted Fund Balances, June 30, 2003	<u>7,349,869</u>	<u>(33,857)</u>	<u>846,906</u>	<u>8,162,918</u>
GASB 34 Adjustments:				
Capital Assets				\$6,180,247
Compensated Absences Payable				(328,750)
Accrued Pension Liability				(2,397)
Deferred Revenue				144,109
Long Term Liabilities				<u>(278,667)</u>
Governmental Activities Net Assets, June 30, 2003				<u>\$13,877,460</u>

### 3. CASH AND CASH EQUIVALENTS

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 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.

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 designated depositories, or as 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

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

Deposits – At the year end, the carrying amount of the District's deposits was \$2,736,209. The bank balance of deposits was \$2,856,277 of which \$300,000 was covered by federal depository insurance. The remaining balance was covered by 105% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District invests in STAROhio, U.S. agencies, money market accounts and U.S. treasury bonds. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

- Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

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

<u>Description</u>	<u>Category 2</u>	<u>Carrying Amount/ Fair Value</u>
Money Market*	\$0	\$4,836
U.S. Agencies	1,272,121	1,272,121
State Treasury Pool*	<u>0</u>	<u>4,854,015</u>
Total Investments	<u>\$1,272,121</u>	<u>\$6,130,972</u>

\*The District's Investments in the Money Market and Ohio State Treasury Pool are not categorized because they are 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 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 all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

#### 4. PROPERTY TAXES

Real property taxes collected in 2004 were levied after April 1, 2003 on the assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent re-evaluation was completed in January, 1998.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined).

Real property taxes are payable annually or semi-annually. In 2003, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.



Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2004. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2004 on the fund statements. The entire amount of delinquent taxes receivable is recognized as a revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available 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, 2004, was \$395,871 for General Fund and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2004 operations. The District receives taxes from Logan, Hardin, Champaign, Union, Allen, Madison, Shelby, Wyandot and Auglaize counties.

The assessed value, by property classification, upon which taxes collected in 2004 were based as follows:

Tangible and Public Utility Personal	\$574,989,224
Real Estate	<u>2,040,481,124</u>
Total Assessed Property Value	<u>\$2,615,470,348</u>

## 5. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
General Fund	\$464,850
Post Secondary Vocational Education	23,412
Vocation Education Enhancement	10,315
Miscellaneous State Grants	27,138
Adult Basic Education	61,215
Vocational Education	32,101
Drug Free School Grant	759
Improving Teacher Quality	2,779
Miscellaneous Federal Grants	<u>2,128</u>
Total	<u>\$624,697</u>

## 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Beginning <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	Ending <u>Balance</u>
<b>Government Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$412,076	\$0	\$0	\$412,076
Construction in Progress	<u>0</u>	<u>134,966</u>	<u>0</u>	<u>134,966</u>
<i>Total Capital Assets, not being depreciated</i>	<u>412,076</u>	<u>134,966</u>	<u>0</u>	<u>547,042</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	8,018,325	141,610	0	8,159,935
Equipment	<u>4,703,178</u>	<u>365,013</u>	<u>4,528</u>	<u>5,063,663</u>
<i>Total Capital Assets, being depreciated</i>	<u>12,721,503</u>	<u>506,623</u>	<u>4,528</u>	<u>13,223,598</u>
Totals at Historical Cost	<u>\$13,133,579</u>	<u>\$641,589</u>	<u>\$4,528</u>	<u>\$13,770,640</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$3,841,112	\$217,968	\$0	\$4,059,080
Equipment	<u>3,112,220</u>	<u>318,494</u>	<u>4,528</u>	<u>3,426,186</u>
Total Accumulated Depreciation	<u>\$6,953,332</u>	<u>\$536,462</u>	<u>\$4,528</u>	<u>\$7,485,266</u>
Governmental Activities Capital Assets, Net	<u>\$6,180,247</u>	<u>\$105,127</u>	<u>\$0</u>	<u>\$6,285,374</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$116,477
Special	306
Vocational	246,694
Other Instruction	30,122
Support Services:	
Pupil	4,982
Instructional Staff	24,408
General Administration	8,125
School Administration	5,091
Fiscal	2,698
Business	7,017
Operations and Maintenance	74,088
Pupil Transportation	3,820
Central	1,596
Operation of Non-instructional Activities	<u>11,038</u>
Total Depreciation Expense	<u>\$536,462</u>

## 7. LONG-TERM LIABILITIES

The change in the District's long-term obligations during the year consist of the following:

	<u>Interest Rate</u>	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
<b>Governmental Activities:</b>						
Loans:						
1994 School Facilities Loan	0.0000	\$278,667	\$0	\$50,667	\$228,000	\$50,667
Compensated Absences		<u>328,750</u>	<u>103,902</u>	<u>10,056</u>	<u>422,596</u>	<u>40,130</u>
Total Governmental Activities		<u>\$607,417</u>	<u>\$103,902</u>	<u>\$60,723</u>	<u>\$650,596</u>	<u>\$90,797</u>

The following is a summary of the District's future annual debt service requirements for general obligations:

### BONDED DEBT

<u>Fiscal Year Ending June 30</u>	<u>Loan Principal</u>	<u>Loan Interest</u>	<u>Total</u>
2005	\$50,667	\$0	\$50,667
2006	50,666	0	50,666
2007	50,666	0	50,666
2008	50,666	0	50,666
2009	<u>25,335</u>	<u>0</u>	<u>25,335</u>
TOTAL	<u>\$228,000</u>	<u>\$0</u>	<u>\$228,000</u>

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 loan was issued for a fifteen-year period at 0% with final maturity during fiscal year 2009. The debt will be retired from the debt service fund.

## 8. PENSION PLANS

### SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. For fiscal year 2003, plan members were required to contribute 9%. The current District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$100,565, \$76,197, and \$46,869, respectively; 100% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002.

## **STATE TEACHERS RETIREMENT SYSTEM**

The District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$552,136, \$493,498, and \$344,441, respectively; 100% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002.

## **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, 2004, seven Board of Education members have elected Social Security. The District's liability is 6.2% of wages paid.

## **9. 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 School Employees Retirement System (SERS). Benefits included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$42,472 during the 2004 fiscal year. As of June 30, 2004, eligible benefit recipients totaled 111,853. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based upon years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$24,500. The surcharge rate added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$71,427 during the 2004 fiscal year. The number of participants currently receiving health care benefits is approximately 62,000.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004, were \$223,443,805, and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

## **10. 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.

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 as of June 30, 2004.

## **11. RISK MANAGEMENT**

### **PROPERTY AND LIABILITY**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

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 2004, the District contracted with the Ohio School Plan for general liability insurance with a \$1,000,000 single occurrence and a \$3,000,000 aggregate. Building 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 expenses in the amount of \$150,000 for labor costs to get the system back online. 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.

## **WORKERS' COMPENSATION**

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

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

## **12. STATE SCHOOL FUNDING DECISION**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

## **13. 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 school 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 Sonny Ivey, who serves as Director, at 129 East Court Street, 4<sup>th</sup> Floor, Sidney, Ohio 45365.

## 14. INSURANCE POOLS

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

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 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 this 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 three local school districts, one joint vocational school district and the Logan County Educational Service Center. The 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.

## 15. COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit in fund balance:

Special Revenue Funds:	
Miscellaneous State Grants	\$687
Adult Basic Education	10,201
Vocational Education	32,653
Food Service Fund	69,505
Drug Free School Grant	760
Improving Teacher Quality	2,779
Miscellaneous Federal Grants	1,763
Uniform School Supplies	38,974
Rotary Fund	4,571

The deficit in fund balances were primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.



## 16. STATUTORY RESERVES

The 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 similar 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 and capital acquisition. Disclosure of the information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2003	\$17,510	\$897
Current Year set-aside Requirements	69,368	69,368
Current Year Offsets	0	0
Qualifying Disbursements	<u>(85,249)</u>	<u>(67,854)</u>
Total	<u>\$1,629</u>	<u>\$2,411</u>
Set-aside Balance Carried Forward to Future Years	<u>\$1,629</u>	<u>\$2,411</u>

## 17. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2004, consisted of the following individual fund receivables and payables:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$280,805	\$0	\$0	\$235,000
Post Secondary Vocational Education	0	23,411	235,000	0
Other Governmental Funds:				
Vocational Education Enhancement	0	10,300	0	0
Miscellaneous State Grants	0	37,030	0	0
Adult Basic Education	0	55,711	0	0
Vocational Education	0	35,364	0	0
Drug Free School Grant	0	861	0	0
Improving Teacher Quality	0	4,177	0	0
Miscellaneous Federal Grants	0	4,365	0	0
Food Service	0	69,986	0	0
Uniform School Supplies	0	39,600	0	0
	<u>\$280,805</u>	<u>\$280,805</u>	<u>\$235,000</u>	<u>\$235,000</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**18. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of June 30, 2004, the District had the following contractual commitments:

Contractor	Project	Contract Amount	Total Payments on Contract	Balance Remaining at 6/30/04
Thomas & Marker	Renovations	\$227,000	\$ 45,802	\$181,198
Area Energy & Electric	Renovations	\$ 65,185	\$ 0	\$ 65,185
Slagle Mechanical	Renovations	\$140,059	\$ 42,816	\$ 97,243

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

Ohio Hi-Point Joint Vocational School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$4,302,512	\$4,818,038	\$4,818,038	\$0
Revenue in lieu of taxes	0	0	0	0
Tuition and Fees	9,514	10,654	10,654	0
Investment Earnings	89,974	100,755	100,755	0
Intergovernmental	2,435,245	2,727,036	2,727,036	0
Extracurricular Activities	0	0	0	0
Charges for Services	0	0	0	0
Other Revenues	166,721	186,698	186,698	0
<b>Total Revenues</b>	<b>7,003,966</b>	<b>7,843,181</b>	<b>7,843,181</b>	<b>0</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	731,074	882,828	702,825	180,003
Special	278,516	283,465	267,754	15,711
Vocational	2,614,399	2,414,452	2,407,814	6,638
Adult/Continuing	3,525	0	0	0
Other	11,666	13,525	11,215	2,310
<b>Support Services:</b>				
Pupil	479,115	586,962	459,868	127,094
Instructional Staff	653,859	660,977	626,146	34,831
General Administration	66,522	104,880	51,836	53,044
School Administration	347,381	376,268	327,464	48,804
Fiscal	357,711	359,207	335,893	23,314
Business	230,505	273,471	212,995	60,476
Operations and Maintenance	1,382,139	1,269,215	1,260,807	8,408
Pupil Transportation	57,334	38,799	38,680	119
Central	421,865	399,200	397,886	1,314
Operation of Non-Instructional Services	3,371	7,200	3,241	3,959
Extracurricular Activities	0	0	0	0
Capital Outlay	2,890	2,800	2,778	22
<b>Debt Service:</b>				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>7,641,872</b>	<b>7,673,249</b>	<b>7,107,202</b>	<b>566,047</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(637,906)</b>	<b>169,932</b>	<b>735,979</b>	<b>566,047</b>
<b>Other financing sources (uses):</b>				
Advances In	818,666	0	916,758	916,758
Advances (Out)	(918,656)	(883,253)	(883,159)	94
Transfers In	0	0	0	0
Transfers (Out)	(244,445)	(248,471)	(235,000)	13,471
<b>Total Other Financing Sources (Uses)</b>	<b>(344,435)</b>	<b>(1,131,724)</b>	<b>(201,401)</b>	<b>930,323</b>
<b>Net Change in Fund Balance</b>	<b>(982,341)</b>	<b>(961,792)</b>	<b>534,578</b>	<b>1,496,370</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>7,098,470</b>	<b>7,098,470</b>	<b>7,098,470</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$6,116,129</b>	<b>\$6,136,678</b>	<b>\$7,633,048</b>	<b>\$1,496,370</b>

See accompanying notes to the required supplementary information.

Ohio Hi-Point Joint Vocational School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Post Secondary Vocational Education			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$0	\$0	\$0	\$0
Revenue in lieu of taxes	0	0	0	0
Tuition and Fees	717,181	816,278	816,278	0
Investment Earnings	0	0	0	0
Intergovernmental	307,053	349,481	349,481	0
Extracurricular Activities	0	0	0	0
Charges for Services	0	0	0	0
Other Revenues	281	320	320	0
<b>Total Revenues</b>	<b>1,024,515</b>	<b>1,166,079</b>	<b>1,166,079</b>	<b>0</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	0	0	0	0
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	774,629	997,485	995,326	2,159
Other	0	0	0	0
<b>Support Services:</b>				
Pupil	0	0	0	0
Instructional Staff	173,361	224,242	223,850	392
General Administration	0	0	0	0
School Administration	125,704	162,522	161,998	524
Fiscal	0	0	0	0
Business	993	1,297	1,288	9
Operations and Maintenance	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<b>Debt Service:</b>				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>1,074,687</b>	<b>1,385,546</b>	<b>1,382,462</b>	<b>3,084</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(50,172)</b>	<b>(219,467)</b>	<b>(216,383)</b>	<b>3,084</b>
<b>Other financing sources (uses):</b>				
Advances In	197,716	225,036	225,036	0
Advances (Out)	(196,666)	0	(255,000)	(255,000)
Transfers In	206,471	235,000	235,000	0
Transfers (Out)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>207,521</b>	<b>460,036</b>	<b>205,036</b>	<b>(255,000)</b>
<b>Net Change in Fund Balance</b>	<b>157,349</b>	<b>240,569</b>	<b>(11,347)</b>	<b>(251,916)</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>33,367</b>	<b>33,367</b>	<b>33,367</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$190,716</b>	<b>\$273,936</b>	<b>\$22,020</b>	<b>(\$251,916)</b>

See accompanying notes to the required supplementary information.

**OHIO HI- POINT JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2004**

**1. BUDGETARY PROCESS**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund and function level. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2004.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and post secondary vocational education fund.

Net Change in Fund Balance

	<u>General</u>	Post Secondary Vocational <u>Education</u>
GAAP Basis	\$573,614	\$53,991
Net Adjustment for Revenue Accruals	842,067	195,167
Net Adjustment for Expenditure Accruals	(657,730)	(247,461)
Encumbrances	<u>(223,373)</u>	<u>(13,044)</u>
Budget Basis	<u>\$534,578</u>	<u>(\$11,347)</u>

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550		\$4,274		\$4,274
School Breakfast Program	05-PU 03	10.553	1,005		1,005	
	05-PU 04	10.553	11,052		11,052	
Total School Breakfast Program			12,057		12,057	
National School Lunch Program	LL-P4 03	10.555	5,638		5,638	
	LL-P4 04	10.555	32,948		32,948	
Total National School Lunch Program			38,586		38,586	
Total U. S. Department of Agriculture - Nutrition Cluster			50,643	4,274	50,643	4,274
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Direct Program</i>						
Federal Pell Grant Program		84.063	162,473		161,573	
<i>Passed Through Ohio Department of Education:</i>						
Workforce Development Partnership	WF-HS 03	17.258	29,300		27,700	
	WF-HS 04	17.258	7,663			
Total Workforce Development Partnership			36,963		27,700	
Adult Education State Grant Program	AB-S1 03	84.002	79,638		43,833	
	AB-S1 04	84.002	110,312		122,730	
Total Adult Education State Grant Program			189,950		166,563	
Vocational Education Basic Grants to States	20-C1 03	84.048	48,060		4,419	
	20-C1 04	84.048	313,530		314,349	
	20-C2 03	84.048	14,110		545	
	20-C2 04	84.048	60,224		51,505	
Total Vocational Education Basic Grants to States			435,924		370,818	
Safe and Drug-Free Schools and Communities State Grants	DR-S1 03	84.186	827		1,836	
	DR-S1 04	84.186	189		948	
Total Safe and Drug-Free Schools and Communities			1,016		2,784	
Eisenhower Professional Development State Grants	MS-S1 01	84.281	(260)			
	MS-S1 02	84.281	(799)			
Total Eisenhower Professional Development			(1059)			
Innovative Education Program Strategies	C2-S1 03	84.298	(437)			
	C2-S1 04	84.298	958		1,344	
Total Innovation Education Program Strategies			521		1,344	
Improving Teacher Quality State Grants	TR-S1 03	84.367	(428)			
	TR-S1 04	84.367	917		3,696	
Total Improving Teacher Quality State Grants			489		3,696	
Total U. S. Department of Education			663,804		572,905	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$876,920</u>	<u>\$4,274</u>	<u>\$785,121</u>	<u>\$4,274</u>

*The accompanying notes to this schedule are an integral part of this schedule.*



**OHIO JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2004**

**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**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

**NOTE C – VOCATIONAL EDUCATION BASIC GRANTS TO STATES**

The Ohio Hi-Point Joint Vocational School District receives the Vocational Education Basic Grants to States from the Ohio Department of Education. A portion of the grant belongs to the Springfield-Clark Joint Vocational School District, who is reimbursed for the grant expenditures by the Ohio Hi-Point Joint Vocational School District. For the year ended June 30, 2004, the Ohio Hi-Point Joint Vocational School District reimbursed the Springfield-Clark Joint Vocational School District for \$28,875 of expenditures related to this grant, all of which were reported on Springfield-Clark Joint Vocational School District's Schedule of Federal Awards Expenditures.

**NOTE D – NEGATIVE REVENUES**

Negative revenues in the amount of \$1,059 reported in the Eisenhower Professional Development State Grants were the result of refunds made to the Ohio Department of Education during the fiscal year due to the expiration of the period of availability.

Negative revenues in the amount of \$437 reported in the Innovative Education Program Strategies Grant was the result of a transfer made from the 2003 grant to the 2004 grant as a result of a carryover approved by the Ohio Department of Education.

Negative revenues in the amount of \$428 reported in the Improving Teacher Quality State Grants was the result of a transfer made from the 2003 grant to the 2004 grant as a result of a carryover approved by the Ohio Department of Education

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Ohio Hi-Point Joint Vocational School District  
Logan County  
2280 State Route 540 East  
Bellefontaine, Ohio 43311-9594

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ohio Hi-Point Joint Vocational School District, Logan County, (the "District"), as of and for the fiscal year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 1, 2005, wherein we noted the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

In a separate letter to the District's management dated June 1, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Ohio Hi-Point Joint Vocational School District  
Logan County  
Independent Accountants' Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, the Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 1, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT 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 District  
Logan County  
2280 State Route 540 East  
Bellefontaine, Ohio 43311-9594

To the Board of Education:

#### **Compliance**

We have audited the compliance of the Ohio Hi-Point Joint Vocational School District [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 programs for the year fiscal ended June 30, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect 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 programs for the fiscal year ended June 30, 2004.

#### **Internal Control Over Compliance**

The District's management 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 directly and materially affect a major federal program 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

June 1, 2005

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2004**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster: CFDA #'s 10.550, 10.553 & 10.555 Federal Pell Grant Program: CFDA # 84.036
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None







**Auditor of State  
Betty Montgomery**

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 4, 2005**