



**BELMONT-HARRISON VOCATIONAL SCHOOL DISTRICT
BELMONT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Report of Independent Accountants | 1 |
| General Purpose Financial Statements: | |
| Combined Balance Sheet - All Fund Types and Account Groups | 4 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Similar Trust Fund | 9 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Fund | 10 |
| Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types | 14 |
| Combined Statement of Revenues, Expenses, and Changes in Fund Equity – Budget and Actual (Budget Basis) - All Proprietary Fund Types | 16 |
| Combined Statement of Cash Flows - All Proprietary Types | 18 |
| Notes to the General Purpose Financial Statements | 19 |
| Schedule of Federal Awards Receipts and Expenditures | 40 |
| Notes to the Schedule of Federal Awards Receipts and Expenditures | 41 |
| Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 43 |
| Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 | 45 |
| Schedule of Findings- <i>OMB Circular A-133 § .505</i> | 47 |

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Belmont-Harrison Vocational School District
Belmont County
110 Fox-Shannon Place
St. Clairsville, Ohio 43950

To Members of the Board:

We have audited the accompanying general purpose financial statements of the Belmont-Harrison Vocational School District, Belmont County, Ohio, (the School District), as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Belmont-Harrison Vocational School District, Belmont County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

January 10, 2000

This Page Intentionally Left Blank

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | Governmental Fund Types | | |
|--|--------------------------------|----------------------------|-----------------------------|
| | General | Special Revenue | Capital Projects |
| Assets and Other Debits: | | | |
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,554,319 | \$19,943 | \$104,592 |
| Cash with Fiscal Agents | | | |
| Receivables: | | | |
| Taxes | 1,613,572 | | 36,950 |
| Accounts | 1,860 | | |
| Intergovernmental | | 41,821 | |
| Accrued Interest | 5,835 | | |
| Interfund | 41,821 | | |
| Prepaid Items | 50,681 | 641 | |
| Inventory Held for Resale | | | |
| Materials and Supplies Inventory | 5,892 | 290 | |
| Restricted Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | 55,109 | | |
| Fixed Assets (Net, where applicable, of Accumulated Depreciation) | | | |
| Other Debits: | | | |
| Amount to be Provided from General Government Resources | | | |
| Total Assets and Other Debits | \$3,329,089 | \$62,695 | \$141,542 |

| <u>Proprietary Fund Types</u> | | <u>Fiduciary Fund Types</u> | <u>Account Groups</u> | | <u>Totals (Memorandum Only)</u> |
|-------------------------------|-------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------------|
| <u>Enterprise</u> | <u>Internal Service</u> | <u>Trust and Agency</u> | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | |
| \$9,875 | \$4 63,156 | \$67,041 | \$0 | \$0 | \$1,755,774 63,156 |
| | | | | | 1,650,522 |
| 2,959 | | | | | 4,819 |
| | | | | | 41,821 |
| | | | | | 5,835 |
| 267 | | | | | 41,821 |
| 2,711 | | | | | 51,589 |
| 297 | | | | | 2,711 |
| | | | | | 6,479 |
| | | | | | 55,109 |
| 86,416 | | | 5,864,926 | | 5,951,342 |
| | | | | 747,200 | 747,200 |
| <u>\$102,525</u> | <u>\$63,160</u> | <u>\$67,041</u> | <u>\$5,864,926</u> | <u>\$747,200</u> | <u>\$10,378,178</u> |

(continued)

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

| | Governmental Fund Types | | |
|---|--------------------------------|----------------------------|-----------------------------|
| | General | Special Revenue | Capital Projects |
| Liabilities Fund Equity and Other Credits: | | | |
| Liabilities: | | | |
| Accounts Payable | \$4,833 | \$500 | \$0 |
| Accrued Wages and Benefits Payable | 444,174 | 6,668 | |
| Compensated Absences Payable | 27,581 | | |
| Interfund Payable | | 41,821 | |
| Intergovernmental Payable | 63,767 | 2,550 | |
| Deferred Revenue | 1,459,238 | | 33,587 |
| Due to Students | | | |
| Claims Payable | | | |
| Capital Leases Payable | | | |
| | | | |
| Total Liabilities | 1,999,593 | 51,539 | 33,587 |
| Fund Equity and Other Credits: | | | |
| Investment in General Fixed Assets | | | |
| Contributed Capital | | | |
| Retained Earnings: | | | |
| Unreserved (Deficit) | | | |
| Fund Balance: | | | |
| Reserved for Encumbrances | 51,162 | 9,696 | 82,819 |
| Reserved for Inventory | 5,892 | 290 | |
| Reserved for Property Taxes | 155,839 | | 3,363 |
| Reserved for Budget Stabilization | 55,109 | | |
| Unreserved: | | | |
| Undesignated | 1,061,494 | 1,170 | 21,773 |
| | | | |
| Total Fund Equity and Other Credits | 1,329,496 | 11,156 | 107,955 |
| Total Liabilities, Fund Equity and Other Credits | \$3,329,089 | \$62,695 | \$141,542 |

See accompanying notes to the general purpose financial statements.

| <u>Proprietary Fund Types</u> | | <u>Fiduciary Fund Types</u> | <u>Account Groups</u> | | <u>Totals (Memorandum Only)</u> |
|-------------------------------|-------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------------|
| <u>Enterprise</u> | <u>Internal Service</u> | <u>Trust and Agency</u> | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | |
| \$0 | \$0 | \$1,000 | \$0 | \$0 | \$6,333 |
| 2,787 | | | | | 453,629 |
| 10,539 | | | | 741,784 | 779,904 |
| | | | | | 41,821 |
| 3,249 | | 4,738 | | 1,329 | 75,633 |
| 4,333 | | | | | 1,497,158 |
| | | 16,533 | | | 16,533 |
| | 36,597 | | | | 36,597 |
| | | | | 4,087 | 4,087 |
| <u>20,908</u> | <u>36,597</u> | <u>22,271</u> | <u>0</u> | <u>747,200</u> | <u>2,911,695</u> |
| | | | 5,864,926 | | 5,864,926 |
| 149,719 | | | | | 149,719 |
| (68,102) | 26,563 | | | | (41,539) |
| | | | | | 143,677 |
| | | | | | 6,182 |
| | | | | | 159,202 |
| | | | | | 55,109 |
| | | 44,770 | | | 1,129,207 |
| <u>81,617</u> | <u>26,563</u> | <u>44,770</u> | <u>5,864,926</u> | <u>0</u> | <u>7,466,483</u> |
| <u>\$102,525</u> | <u>\$63,160</u> | <u>\$67,041</u> | <u>\$5,864,926</u> | <u>\$747,200</u> | <u>\$10,378,178</u> |

This Page Intentionally Left Blank

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | <u>Governmental Fund Types</u> | | | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|-----------------------------|--------------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Revenues: | | | | | |
| Taxes | \$1,492,288 | \$0 | \$32,885 | \$0 | \$1,525,173 |
| Intergovernmental | 2,614,321 | 325,392 | 3,593 | | 2,943,306 |
| Interest | 60,207 | | | 2,500 | 62,707 |
| Tuition and Fees | 30,373 | | | | 30,373 |
| Extracurricular Activities | | 11,167 | | | 11,167 |
| Gifts and Donations | | | | 22,320 | 22,320 |
| Customer Services | 16,794 | | | | 16,794 |
| Miscellaneous | 233 | | | | 233 |
| Total Revenues | <u>4,214,216</u> | <u>336,559</u> | <u>36,478</u> | <u>24,820</u> | <u>4,612,073</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 224,555 | | | | 224,555 |
| Special | 375 | 870 | | | 1,245 |
| Vocational | 2,238,778 | 114,094 | | 27,031 | 2,379,903 |
| Support Services: | | | | | |
| Pupils | 360,805 | 65,723 | 1,753 | | 428,281 |
| Instructional Staff | 33,801 | 82,970 | | | 116,771 |
| Board of Education | 18,747 | | | | 18,747 |
| Administration | 354,669 | 6,316 | 400 | | 361,385 |
| Fiscal | 184,828 | | 879 | | 185,707 |
| Business | 3,256 | | | | 3,256 |
| Operation and Maintenance of Plant | 484,554 | | 33,990 | | 518,544 |
| Central | | 52,180 | | | 52,180 |
| Operation of Non-Instructional Services | 365 | 8,306 | | | 8,671 |
| Extracurricular Activities | | 3,316 | | | 3,316 |
| Capital Outlay | 4,829 | | | | 4,829 |
| Debt Service: | | | | | |
| Principal Retirement | 742 | | | | 742 |
| Interest and Fiscal Charges | 267 | | | | 267 |
| Total Expenditures | <u>3,910,571</u> | <u>333,775</u> | <u>37,022</u> | <u>27,031</u> | <u>4,308,399</u> |
| Excess of Revenues Over (Under) Expenditures | <u>303,645</u> | <u>2,784</u> | <u>(544)</u> | <u>(2,211)</u> | <u>303,674</u> |
| Other Financing Sources (Uses): | | | | | |
| Inception of Capital Lease | 4,829 | | | | 4,829 |
| Operating Transfers Out | (31,500) | | | | (31,500) |
| Total Other Financing Sources (Uses) | <u>(26,671)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(26,671)</u> |
| Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses | 276,974 | 2,784 | (544) | (2,211) | 277,003 |
| Fund Balances at Beginning of Year | 1,056,961 | 10,055 | 108,499 | 46,981 | 1,222,496 |
| Decrease in Reserve for Inventory | (4,439) | (1,683) | | | (6,122) |
| Fund Balances at End of Year | <u>\$1,329,496</u> | <u>\$11,156</u> | <u>\$107,955</u> | <u>\$44,770</u> | <u>\$1,493,377</u> |

See accompanying notes to the general purpose financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| General Fund | | | |
|--|---------------------------|--------------------|---|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$1,488,394 | \$1,488,394 | \$0 |
| Intergovernmental | 2,611,609 | 2,613,571 | 1,962 |
| Interest | 85,000 | 83,520 | (1,480) |
| Tuition and Fees | 30,498 | 30,498 | 0 |
| Extracurricular Activities | | | 0 |
| Gifts and Donations | | | 0 |
| Customer Services | 18,381 | 16,794 | (1,587) |
| Miscellaneous | 93 | 93 | 0 |
| Total Revenues | 4,233,975 | 4,232,870 | (1,105) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 231,940 | 221,428 | 10,512 |
| Special | | | 0 |
| Vocational | 2,275,882 | 2,240,847 | 35,035 |
| Support Services: | | | |
| Pupils | 376,096 | 371,477 | 4,619 |
| Instructional Staff | 63,395 | 37,355 | 26,040 |
| Board of Education | 22,396 | 18,576 | 3,820 |
| Administration | 362,791 | 351,205 | 11,586 |
| Fiscal | 198,766 | 188,984 | 9,782 |
| Business | 3,256 | 3,256 | 0 |
| Operation and Maintenance of Plant | 554,412 | 538,011 | 16,401 |
| Central | | | 0 |
| Operation of Non-Instructional Services | 700 | 589 | 111 |
| Extracurricular Activities | | | 0 |
| Total Expenditures | 4,089,634 | 3,971,728 | 117,906 |
| Excess of Revenues Over (Under) Expenditures | 144,341 | 261,142 | 116,801 |
| Other Financing Sources (Uses): | | | |
| Refund of Prior Year Receipts | (33,499) | (33,499) | 0 |
| Operating Transfers Out | (39,567) | (31,500) | 8,067 |
| Advances In | 46,119 | 46,119 | 0 |
| Advances Out | (41,821) | (41,821) | 0 |
| Total Other Financing Sources (Uses) | (68,768) | (60,701) | 8,067 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 75,573 | 200,441 | 124,868 |
| Fund Balances at Beginning of Year | 1,302,982 | 1,302,982 | 0 |
| Prior Year Encumbrances Appropriated | 48,610 | 48,610 | 0 |
| Fund Balances at End of Year | \$1,427,165 | \$1,552,033 | \$124,868 |

See accompanying notes to the general purpose financial statements.

(continued)

Special Revenue Funds

| Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------|-----------------------|---|
| \$0 | \$0 | \$0 |
| 377,148 | 325,365 | (51,783) |
| | | 0 |
| | | 0 |
| 12,000 | 11,167 | (833) |
| | | 0 |
| | | 0 |
| | | 0 |
| <u>389,148</u> | <u>336,532</u> | <u>(52,616)</u> |
| | | 0 |
| 10,651 | 10,066 | 585 |
| 124,264 | 119,780 | 4,484 |
| | | |
| 71,112 | 66,846 | 4,266 |
| 92,309 | 84,910 | 7,399 |
| | | 0 |
| 6,319 | 6,316 | 3 |
| | | 0 |
| | | 0 |
| | | 0 |
| 52,369 | 52,180 | 189 |
| 9,780 | 8,306 | 1,474 |
| 4,586 | 3,938 | 648 |
| <u>371,390</u> | <u>352,342</u> | <u>19,048</u> |
| <u>17,758</u> | <u>(15,810)</u> | <u>(33,568)</u> |
| | | 0 |
| | | 0 |
| | 41,821 | 41,821 |
| <u>(46,119)</u> | <u>(46,119)</u> | <u>0</u> |
| <u>(46,119)</u> | <u>(4,298)</u> | <u>41,821</u> |
| | | |
| (28,361) | (20,108) | 8,253 |
| 5,389 | 5,389 | 0 |
| | | |
| <u>24,467</u> | <u>24,467</u> | <u>0</u> |
| <u>\$1,495</u> | <u>\$9,748</u> | <u>\$8,253</u> |

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

| | Capital Projects Funds | | | Expendable Trust Fund | | |
|---|------------------------|-----------------|--|-----------------------|-----------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Taxes | \$33,967 | \$33,967 | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 3,593 | 3,593 | 0 | | | 0 |
| Interest | | | 0 | | 2,500 | 2,500 |
| Tuition and Fees | | | 0 | | | 0 |
| Extracurricular Activities | | | 0 | | | 0 |
| Gifts and Donations | | | 0 | 22,000 | 22,320 | 320 |
| Customer Services | | | 0 | | | 0 |
| Miscellaneous | | | 0 | | | 0 |
| Total Revenues | 37,560 | 37,560 | 0 | 22,000 | 24,820 | 2,820 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | | | 0 | | | 0 |
| Special | | | 0 | | | 0 |
| Vocational | | | 0 | 26,500 | 21,293 | 5,207 |
| Support Services: | | | | | | |
| Pupils | 1,753 | 1,753 | 0 | | | 0 |
| Instructional Staff | | | 0 | | | 0 |
| Board of Education | | | 0 | | | 0 |
| Administration | 400 | 400 | 0 | | | 0 |
| Fiscal | 1,074 | 879 | 195 | | | 0 |
| Business | | | 0 | | | 0 |
| Operation and Maintenance of Plant | 117,773 | 116,809 | 964 | | | 0 |
| Central | | | 0 | | | 0 |
| Operation of Non-Instructional Services | | | 0 | | | 0 |
| Extracurricular Activities | | | 0 | | | 0 |
| Total Expenditures | 121,000 | 119,841 | 1,159 | 26,500 | 21,293 | 5,207 |
| Excess of Revenues Over (Under) Expenditure: | (83,440) | (82,281) | 1,159 | (4,500) | 3,527 | 8,027 |
| Other Financing Sources (Uses): | | | | | | |
| Refund of Prior Year Receipts | | | 0 | | | 0 |
| Operating Transfers Out | | | 0 | | | 0 |
| Advances In | | | 0 | | | 0 |
| Advances Out | | | 0 | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (83,440) | (82,281) | 1,159 | (4,500) | 3,527 | 8,027 |
| Fund Balances at Beginning of Year | 104,054 | 104,054 | 0 | 46,981 | 46,981 | 0 |
| Prior Year Encumbrances Appropriated | | | 0 | | | 0 |
| Fund Balances at End of Year | \$20,614 | \$21,773 | \$1,159 | \$42,481 | \$50,508 | \$8,027 |

(continued)

Totals (Memorandum Only)

| Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------|---------------------------|---|
| \$1,522,361 | \$1,522,361 | \$0 |
| 2,992,350 | 2,942,529 | (49,821) |
| 85,000 | 86,020 | 1,020 |
| 30,498 | 30,498 | 0 |
| 12,000 | 11,167 | (833) |
| 22,000 | 22,320 | 320 |
| 18,381 | 16,794 | (1,587) |
| 93 | 93 | 0 |
| <u>4,682,683</u> | <u>4,631,782</u> | <u>(50,901)</u> |
| 231,940 | 221,428 | 10,512 |
| 10,651 | 10,066 | 585 |
| 2,426,646 | 2,381,920 | 44,726 |
| 448,961 | 440,076 | 8,885 |
| 155,704 | 122,265 | 33,439 |
| 22,396 | 18,576 | 3,820 |
| 369,510 | 357,921 | 11,589 |
| 199,840 | 189,863 | 9,977 |
| 3,256 | 3,256 | 0 |
| 672,185 | 654,820 | 17,365 |
| 52,369 | 52,180 | 189 |
| 10,480 | 8,895 | 1,585 |
| 4,586 | 3,938 | 648 |
| <u>4,608,524</u> | <u>4,465,204</u> | <u>143,320</u> |
| <u>74,159</u> | <u>166,578</u> | <u>92,419</u> |
| (33,499) | (33,499) | 0 |
| (39,567) | (31,500) | 8,067 |
| 46,119 | 87,940 | 41,821 |
| (87,940) | (87,940) | 0 |
| <u>(114,887)</u> | <u>(64,999)</u> | <u>49,888</u> |
| (40,728) | 101,579 | 142,307 |
| 1,459,406 | 1,459,406 | 0 |
| <u>73,077</u> | <u>73,077</u> | <u>0</u> |
| <u>\$1,491,755</u> | <u>\$1,634,062</u> | <u>\$142,307</u> |

This Page Intentionally Left Blank

**COMBINED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|---|-------------------|-----------------------------|---|
| Operating Revenues: | | | |
| Sales | \$72,939 | \$0 | \$72,939 |
| Charges for Services | 11,895 | 399,943 | 411,838 |
| Other Operating Revenue | | 604 | 604 |
| Total Operating Revenues | 84,834 | 400,547 | 485,381 |
| Operating Expenses: | | | |
| Salaries and Wages | 46,669 | | 46,669 |
| Fringe Benefits | 12,698 | | 12,698 |
| Purchased Services | 6,985 | 10,563 | 17,548 |
| Materials and Supplies | 21,836 | | 21,836 |
| Other | 719 | 489 | 1,208 |
| Cost of Sales | 58,925 | | 58,925 |
| Depreciation | 1,832 | | 1,832 |
| Claims | | 366,259 | 366,259 |
| Total Operating Expenses | 149,664 | 377,311 | 526,975 |
| Operating Income (Loss) | (64,830) | 23,236 | (41,594) |
| Non-Operating Revenues : | | | |
| Federal Donated Commodities | 4,555 | | 4,555 |
| Interest | | 5,028 | 5,028 |
| Operating Grants | 37,648 | | 37,648 |
| Total Non-Operating Revenues | 42,203 | 5,028 | 47,231 |
| Income (Loss) Before Operating Transfers In | (22,627) | 28,264 | 5,637 |
| Operating Transfers In | 31,500 | | 31,500 |
| Net Income | 8,873 | 28,264 | 37,137 |
| Retained Earnings (Deficit) at Beginning of Year | (76,975) | (1,701) | (78,676) |
| Retained Earnings (Deficit) at End of Year | (68,102) | 26,563 | (41,539) |
| Contributed Capital at Beginning and End of Year | 149,719 | | 149,719 |
| Total Fund Equity at End of Year | \$81,617 | \$26,563 | \$108,180 |

See accompanying notes to the general purpose financial statements

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | Enterprise Funds | | |
|---|---------------------------|----------------|---|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Sales | \$72,939 | \$72,939 | \$0 |
| Charges for Services | 11,549 | 11,895 | 346 |
| Other | | | 0 |
| Interest | | | 0 |
| Operating Grants | 37,648 | 37,648 | 0 |
| Total Revenues | 122,136 | 122,482 | 346 |
| Expenses: | | | |
| Salaries | 48,765 | 48,145 | 620 |
| Fringe Benefits | 11,998 | 11,194 | 804 |
| Purchased Services | 8,836 | 6,985 | 1,851 |
| Materials and Supplies | 78,210 | 76,027 | 2,183 |
| Other | 786 | 719 | 67 |
| Capital Outlay | 13,913 | 13,913 | 0 |
| Total Expenses | 162,508 | 156,983 | 5,525 |
| Excess of Revenues Under Expenses | (40,372) | (34,501) | 5,871 |
| Operating Transfers In | 31,500 | 31,500 | 0 |
| Excess of Revenues and Operating Transfers In Under Expenses | (8,872) | (3,001) | 5,871 |
| Fund Equity at Beginning of Year | 1 | 1 | 0 |
| Prior Year Encumbrances Appropriated | 12,875 | 12,875 | 0 |
| Fund Equity at End of Year | \$4,004 | \$9,875 | \$5,871 |

See accompanying notes to the general purpose financial statements

| Internal Service Fund | | | Totals (Memorandum Only) | | |
|------------------------|------------------------|----------------------------------|--------------------------|------------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$0 | \$0 | \$0 | \$72,939 | \$72,939 | \$0 |
| 399,943 | 399,943 | 0 | 411,492 | 411,838 | 346 |
| 604 | 604 | 0 | 604 | 604 | 0 |
| 5,028 | 5,028 | 0 | 5,028 | 5,028 | 0 |
| | | 0 | 37,648 | 37,648 | 0 |
| <u>405,575</u> | <u>405,575</u> | <u>0</u> | <u>527,711</u> | <u>528,057</u> | <u>346</u> |
| | | 0 | 48,765 | 48,145 | 620 |
| 468,290 | 468,209 | 81 | 480,288 | 479,403 | 885 |
| 38,067 | 10,563 | 27,504 | 46,903 | 17,548 | 29,355 |
| | | 0 | 78,210 | 76,027 | 2,183 |
| 489 | 489 | 0 | 1,275 | 1,208 | 67 |
| | | 0 | 13,913 | 13,913 | 0 |
| <u>506,846</u> | <u>479,261</u> | <u>27,585</u> | <u>669,354</u> | <u>636,244</u> | <u>33,110</u> |
| (101,271) | (73,686) | 27,585 | (141,643) | (108,187) | 33,456 |
| | | 0 | 31,500 | 31,500 | 0 |
| (101,271) | (73,686) | 27,585 | (110,143) | (76,687) | 33,456 |
| 136,845 | 136,846 | 1 | 136,846 | 136,847 | 1 |
| | | 0 | 12,875 | 12,875 | 0 |
| <u>\$35,574</u> | <u>\$63,160</u> | <u>\$27,586</u> | <u>\$39,578</u> | <u>\$73,035</u> | <u>\$33,457</u> |

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Totals (Memorandum Only)</u> |
|--|--------------------------|-----------------------------|---|
| Increase (Decrease) in Cash and Cash Equivalents: | | | |
| Cash Flows from Operating Activities: | | | |
| Cash Received from Sales | \$72,939 | \$0 | \$72,939 |
| Cash Received from Fees | 11,895 | | 11,895 |
| Cash Received from Quasi-External Transactions with Other Funds | | 399,943 | 399,943 |
| Cash Received from Other Revenues | | 604 | 604 |
| Cash Payments to Suppliers for Goods and Services | (83,012) | (10,563) | (93,575) |
| Cash Payments for Employee Services | (48,145) | | (48,145) |
| Cash Payments for Employee Benefits | (11,194) | | (11,194) |
| Cash Payments for Other Expenses | (719) | (489) | (1,208) |
| Cash Payments for Claims | | (468,209) | (468,209) |
| Net Cash Used for Operating Activities | <u>(58,236)</u> | <u>(78,714)</u> | <u>(136,950)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Operating Transfers In | 31,500 | | 31,500 |
| Operating Grants Received | 37,648 | | 37,648 |
| Net Cash Provided by Noncapital Financing Activities | <u>69,148</u> | <u>0</u> | <u>69,148</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Payments for Capital Acquisitions | (13,913) | | (13,913) |
| Cash Flows from Investing Activities: | | | |
| Interest | | 5,028 | 5,028 |
| Net Decrease in Cash and Cash Equivalents | (3,001) | (73,686) | (76,687) |
| Cash and Cash Equivalents at Beginning of Year | 12,876 | 136,846 | 149,722 |
| Cash and Cash Equivalents at End of Year | <u>\$9,875</u> | <u>\$63,160</u> | <u>\$73,035</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Operating Income (Loss) | (\$64,830) | \$23,236 | (\$41,594) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation Expense | 1,832 | | 1,832 |
| Donated Commodities Used During Year | 4,555 | | 4,555 |
| Changes in Assets and Liabilities: | | | |
| Increase in Prepaids | (13) | | (13) |
| Decrease in Inventory Held for Resale | 566 | | 566 |
| Decrease in Materials and Supply Inventory | 95 | | 95 |
| Decrease in Accrued Wages Payable | (1,405) | | (1,405) |
| Increase in Compensated Absences Payable | 2,427 | | 2,427 |
| Decrease in Intergovernmental Payable | (981) | | (981) |
| Decrease in Deferred Revenue | (482) | | (482) |
| Decrease in Claims Payable | | (101,950) | (101,950) |
| Total Adjustments | <u>6,594</u> | <u>(101,950)</u> | <u>(95,356)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(\$58,236)</u> | <u>(\$78,714)</u> | <u>(\$136,950)</u> |

See accompanying notes to the general purpose financial statements

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE 1- DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven members, one or two representatives from eight of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1967 and was opened for instruction in 1971. It is staffed by 23 classified employees and 62 certificated employees to provide services to Belmont, Harrison, Jefferson, Carroll, and Tuscarawas County juniors and seniors. For fiscal year 1999, the ADM was 456.

Reporting Entity:

Since the School District does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity."

The reporting entity is comprised of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the School District.

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

The School District is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) and the Ohio School Boards Association Workers' Compensation Group Rating Program, which are defined as a jointly governed organization and an insurance purchasing pool. These organizations are presented in Notes 18 and 19.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Belmont-Harrison Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

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

GOVERNMENTAL FUND TYPES:

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

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

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

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

PROPRIETARY FUND TYPES:

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

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

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

ACCOUNT GROUPS:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in proprietary funds.

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

B. Measurement Focus and Basis of Accounting

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

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The enterprise funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

The accrual basis of accounting is utilized for reporting purposes by proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, supplemental appropriations were legally enacted; however, they were not significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary fund types.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including the proprietary fund types, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pooled bank account is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, the investments were limited to certificates of deposit and STAR Ohio. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 1999 to the general, Muller Scholarship and self-insurance funds amounted to \$60,207, \$2,500, and \$5,028, respectively.

The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed 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 appraised values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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

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

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a nonreimbursement basis, entitlements, and shared revenues, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Title VI
Professional Development Block Grant
Educational Management Information System
School To Work Grant

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Reimbursable Grants

Special Revenue Funds

Career Development

Vocational Education Planning Districts Grant

Children's Trust

Proprietary Funds

Enterprise Funds

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements amounted to approximately 63% of the School District's operating revenue during the 1999 fiscal year.

J. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, pension obligations, and special termination benefits that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have been paid using current available financial resources.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

M. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. 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.

O. Fund Balance Reserves

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

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

P. Contributed Capital

Contributed capital represents resources from other funds provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during fiscal year 1999.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other funds equity amounts pertaining to proprietary funds have been classified as retained earnings.

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 1999, the Food Service, Enterprise Fund had deficit retained earnings of \$68,488 created by the recognition of payables and contributed capital in accordance with generally accepted accounting principles.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Principal payments on other liabilities are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Similar Trust Fund | | | | |
|--|------------------|--------------------|---------------------|---------------------|
| | General | Special Revenue | Capital Projects | Expendable Trust |
| GAAP Basis | \$276,974 | \$2,784 | (\$544) | (\$2,211) |
| Revenue Accruals | 18,654 | (27) | 1,082 | 0 |
| Expenditure Accruals | (98,658) | (9,303) | 0 | 5,738 |
| Prepaid Items | 50,681 | 641 | 0 | 0 |
| Materials and Supply Inventory | 5,892 | 290 | 0 | 0 |
| Advances | 4,298 | (4,298) | 0 | 0 |
| Encumbrances | (57,400) | (10,195) | (82,819) | 0 |
| Budget Basis | <u>\$200,441</u> | <u>(\$20,108)</u> | <u>(\$82,281)</u> | <u>\$3,527</u> |

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Net Income/Excess of Revenues and Operating Transfers In Under Expenses
All Proprietary Fund Types

| | Enterprise | Internal Service |
|--------------------------------|------------|------------------|
| GAAP Basis | \$8,873 | \$28,264 |
| Expense Accruals | (16,981) | (101,950) |
| Prepaid Items | 267 | 0 |
| Materials & Supplies Inventory | 297 | 0 |
| Inventory Held For Resale | 2,711 | 0 |
| Depreciation Expense | 1,832 | 0 |
| Budget Basis | (\$3,001) | (\$73,686) |

NOTE 5 -DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, pass book accounts.

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution. Interim monies may be deposited or invested in the following securities:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market, mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements". Under the provisions of Statement 3, the School District has no investments.

At June 30, 1999, the School District's internal service fund had a balance of \$63,156 with OME-RESA, a jointly governed organization (See Note 18). The money is held by the claims service in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$1,207,968 and the bank balance was \$1,331,614. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,231,614 was collateralized by securities held by the pledging financial institutions' trust department in the School District's name and all State statutory requirements for the deposit of money had been followed.

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

| | <u>Fair Value</u> |
|-----------|-------------------|
| STAR Ohio | \$602,915 |

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

| | Cash and Cash Equivalents/ Deposits | Investments |
|----------------------|--|---------------|
| GASB Statement 9 | \$1,810,883 | \$0 |
| Investments: | | |
| STAR Ohio | (602,915) | 602,915 |
| GASB Statement 3 | \$1,207,968 | \$602,915 |

NOTE 6 - PROPERTY TAXES

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Belmont, Harrison, Jefferson, Tuscarawas, and Carroll counties. The Belmont County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$159,202 and is recognized as revenue. \$155,839 was available to the General Fund and \$3,363 was available to the Permanent Improvement Capital Projects Fund. At June 30, 1998, \$151,482 was available to the School District. \$147,037 was available to the General Fund and \$4,445 was available to the Permanent Improvement Capitals Project Fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

The assessed values upon which the fiscal year 1999 taxes were collected are:

| | <u>1998 Second- Half Collections</u> | | <u>1999 First- Half Collections</u> | |
|---|--|----------------|---|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$626,916,190 | 75.00% | \$649,832,840 | 75.00% |
| Public Utility | 137,815,500 | 16.00% | 138,029,910 | 16.00% |
| Tangible Personal Property | <u>76,603,650</u> | <u>9.00%</u> | <u>81,764,300</u> | <u>9.00%</u> |
| Total Assessed Value | <u>\$841,335,340</u> | <u>100.00%</u> | <u>\$869,627,050</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$1.95 | | \$1.95 | |

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts, accrued interest, interfund, and intergovernmental grants. 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:

| <u>Intergovernmental Receivables</u> | <u>Amounts</u> |
|--|-----------------|
| Special Revenue Funds: | |
| Vocational Education Planning District | \$34,321 |
| Career Development Planning District | 3,504 |
| Children's Trust | <u>3,996</u> |
| Total Special Revenue Funds | <u>41,821</u> |
| Total Intergovernmental Receivables | <u>\$41,821</u> |

NOTE 8 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

| | |
|-------------------------------|-----------------|
| Furniture and Equipment | \$173,526 |
| Less Accumulated Depreciation | <u>(87,110)</u> |
| Net Fixed Assets | <u>\$86,416</u> |

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

A summary of the changes in general fixed assets during fiscal year 1999 follows:

| Asset Category | Balance at 6/30/98 | Additions | Deletions | Balance at 6/30/99 |
|--------------------------------------|---------------------------|-------------------------|--------------------------|----------------------------|
| Land and Improvements | \$109,628 | \$0 | \$0 | \$109,628 |
| Buildings and Improvements | 3,615,541 | 0 | 0 | 3,615,541 |
| Furniture, Fixtures and Equipment | 1,910,609 | 191,732 | (46,653) | 2,055,688 |
| Vehicles | 84,069 | 0 | 0 | 84,069 |
| Totals | <u>\$5,719,847</u> | <u>\$191,732</u> | <u>(\$46,653)</u> | <u>\$ 5,864,926</u> |

There was no significant construction in progress at June 30, 1999.

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Insurance Company for property, commercial crime, commercial inland marine, boiler and machinery, and commercial auto coverage. The comprehensive business policy is a replacement cost policy with a \$1,000 deductible. The commercial crime coverage section has a \$10,000 limit with no deductible, and safe burglary is excluded. The transportation coverage includes uninsured motorist coverage, auto liability, and medical payments.

The District's liability policy is with Nationwide Insurance Company. The policy has a \$2,000,000 liability limit per occurrence and \$5,000,000 aggregate limit. Employee benefits liability has an aggregate limit of \$500,000. The District also has a defense coverage as part of the liability coverage in the amount of \$25,000. The Insurance Company of the State of Pennsylvania provides a blanket professional liability policy for the nursing assistant students at the School District. The policy is \$1,000,000 for each claim and \$1,000,000 aggregate. Public employee dishonesty coverage in the amount of \$5,000 is provided by Westfield Insurance Company.

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

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the 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 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 GRPs selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical insurance is offered to employees through a self-insurance internal service fund through Ohio Mid-Eastern Regional Education Service Agency. A third party administrator reviews and processes the claims which the School District then pays. The self-insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium, per individual, to the various funds of the School District. These premiums go into the self-insurance internal service fund. Claims and services are paid from the self-insurance internal service fund. The claims liability of \$36,597 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. No incremental claim adjustments expenses are included in the estimate. Changes in claims activity for the past two years are as follows:

| | Balance at Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|------|---------------------------------|------------------------|-------------------|---------------------------|
| 1998 | \$55,054 | \$302,236 | \$218,743 | \$138,547 |
| 1999 | \$138,547 | \$366,259 | \$468,209 | \$36,597 |

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Belmont-Harrison Vocational School 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 state statute 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, 45 North Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$31,547, \$36,141, and \$35,634, respectively; 93 percent has been contributed for fiscal year 1999, and 100 percent for the fiscal years 1998 and 1997. \$4,047 represents the unpaid contribution for fiscal year 1999, and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Belmont-Harrison Vocational School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$132,993, \$220,239 and \$221,532, respectively; 82.6 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$53,969 represents the unpaid contribution for fiscal year 1999, and is recorded as a liability within the respective funds.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POST-EMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$177,324 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$27,140.

The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, (the latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

The criteria for determining sick leave benefits is derived from negotiated agreements and State laws.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Teachers and classified employees earn sick leave at the rate of one and two-third days per month. Sick leave may be accumulated up to 235 days. Upon retirement, employees receive payment for all accumulated sick leave days up to 82 days for certified staff and 83 days for classified staff. For those employees with more than 82/83 days of accumulated sick leave days, the School District will pay twenty dollars per each day of sick leave above the 82/83 days.

B. Insurance Benefits

Employees have the option of choosing The Health Plan or Advantage Health Quality Medical for their health insurance coverage if they do not choose the Self-Insurance Plan offered by the School District. The Board pays the total costs of The Health Plan or Advantage Health Quality Medical. The Board pays 95 percent of the Self-Insurance Plan for single coverage and 96 percent for family coverage.

The School District pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through the Ohio Mid-Eastern Regional Education Service Agency Group Life Insurance Plan.

NOTE 13 - CAPITAL LEASES

During 1999 the School District entered into a capital lease. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for the governmental funds. Equipment acquired by lease has been capitalized in the general fixed assets account group in the amount of \$4,829, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments towards all capital leases during 1999 totaled \$742.

Future minimum lease payments through 2003 are as follows:

| Year | General Long-Term Obligations |
|---|-------------------------------|
| 2000 | \$1,345 |
| 2001 | 1,344 |
| 2002 | 1,345 |
| 2003 | 672 |
| Total | 4,706 |
| Less: Amount Representing Interest | (619) |
| Present Value of Net Minimum Lease Payments | \$4,087 |

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the School District's general long-term obligations during fiscal year 1999 consist of the following:

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | Outstanding 6/30/98 | Additions | Reductions | Outstanding 6/30/99 |
|----------------------|------------------------|------------------|------------------|------------------------|
| Compensated Absences | \$822,825 | \$176,287 | \$257,328 | \$741,784 |
| Pension Obligation | 4,959 | 1,329 | 4,959 | 1,329 |
| Capital Lease | 0 | 4,829 | 742 | 4,087 |
| Total | \$827,784 | \$182,445 | \$263,029 | \$747,200 |

Compensated absences, and long-term pension obligations, which represent contractually required pension contributions, will be paid from the fund which the employees salaries are paid.

Capital leases will be paid from the general fund.

NOTE 15 - OTHER LIABILITIES

In prior years, the School District received State funding for the adult education program. During a 1990 State and federal grant audit, \$471,891 was determined to be disallowed funding and the School District was responsible for the repayment of these monies. Repayment to the State is withheld yearly from the School District's State foundation receipts. The first deduction from State foundation occurred in fiscal year 1993. During fiscal year 1999, the final payment of \$33,499 was made.

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 1999 receivables and payables that resulted from various interfund transactions were as follows:

| | Interfund Receivable | Interfund Payable |
|--|----------------------|-------------------|
| General Fund | \$41,821 | \$0 |
| Special Revenue Funds: | | |
| Children's Trust Grant | 0 | 3,996 |
| Career Development | 0 | 3,504 |
| Vocational Education Planning Districts Grant | 0 | 34,321 |
| Total Special Revenue Funds | 0 | 41,821 |
| Total All Funds | \$41,821 | \$41,821 |

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of the food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Belmont-Harrison Vocational School District as of and for the fiscal year ended June 30, 1999:

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | <u>Food Service</u> | <u>Uniform School Supplies</u> | <u>Total Enterprise Funds</u> |
|--|---------------------|--|---------------------------------------|
| Operating Revenues | \$72,939 | \$11,895 | \$84,834 |
| Operating Expenses Before Depreciation | 129,823 | 18,009 | 147,832 |
| Depreciation Expense | 1,832 | 0 | 1,832 |
| Operating (Loss) | (58,716) | (6,114) | (64,830) |
| Donated Commodities | 4,555 | 0 | 4,555 |
| Operating Grants | 37,648 | 0 | 37,648 |
| Transfer In | 25,000 | 6,500 | 31,500 |
| Net Income | 8,487 | 386 | 8,873 |
| Contributed Capital | 149,719 | 0 | 149,719 |
| Net Working Capital | 5,354 | 386 | 5,740 |
| Total Assets | 99,180 | 3,345 | 102,525 |
| Total Equity | 81,231 | 386 | 81,617 |
| Encumbrances Outstanding at June 30, 1999 | \$0 | \$0 | \$0 |

NOTE 18 - JOINTLY GOVERNED ORGANIZATION

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. OME-RESA has 11 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Debra Angelo, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

NOTE 19 - INSURANCE PURCHASING POOL

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

NOTE 20- STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,392,135 of school foundation support for its general fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsible to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of June 30, 1999, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital improvements, and budget stabilization. Disclosure of this information is required by State statute.

| | <u>Textbooks</u> | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> | <u>Totals</u> |
|--|-------------------|--------------------------------|---------------------------------|-------------------|
| Set-aside Cash Balance as of June 30, 1998 | \$0 | \$0 | \$22,612 | \$22,612 |
| Current Year Set-aside Requirement | 65,000 | 65,000 | 32,497 | 162,497 |
| Current Year Offsets | 0 | 0 | 0 | 0 |
| Qualifying Disbursements | <u>(133,012)</u> | <u>(83,682)</u> | <u>0</u> | <u>(216,694)</u> |
| Total | <u>(\$68,012)</u> | <u>(\$18,682)</u> | <u>\$55,109</u> | <u>(\$31,585)</u> |
| Cash Balance Carried Forward to FY 1999 | <u>0</u> | <u>0</u> | <u>55,109</u> | <u>\$55,109</u> |
| Total Restricted Assets | | | | <u>\$55,109</u> |

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 22- CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

B. Litigation

The School District is not party to any legal proceedings.

NOTE 23 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations.

Belmont-Harrison Vocational School District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting School District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits, and the State's Education Management and Information System for its educational statistics reporting. The School District utilizes an external service organization for these services. The external service organization and the State are responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the School District in form of "Foundation" and federal and state grant payments. The State is responsible for remediating this system.

The counties that collect property taxes for distribution to the School District are responsible for remediating their tax collection systems.

To the best of management's knowledge and belief, as of January 10, 2000, the government experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the year 2000 Issue, matters may yet arise, and parties with whom the School District does business may also experience Year 2000 readiness issues that are as yet, unknown.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| Federal Program | CFDA # | Pass-Through Agency Awarding Number | Receipts | Non-Cash Receipts | Expenditures | Non-Cash Expenditures |
|--|--------|---|------------------|----------------------|------------------|--------------------------|
| United States Department of Agriculture | | | | | | |
| Passed-Through Ohio Department of Education: Nutrition Cluster: | | | | | | |
| Food Distribution Program | 10.550 | 050856-99 | \$0 | \$4,073 | \$0 | \$4,555 |
| School Breakfast Program | 10.553 | 050856-05-PU-98/99 | 8,053 | 0 | 8,053 | 0 |
| National School Lunch Program | 10.555 | 050856-03/04-PU-98/99 | 27,094 | 0 | 27,094 | 0 |
| Total United States Department of Agriculture - Nutrition Cluster | | | 35,147 | 4,073 | 35,147 | 4,555 |
| United States Department of Education | | | | | | |
| Passed-Through Ohio Department of Education: | | | | | | |
| Vocational Education - Basic Grants to States | 84.048 | 050856-20-C1-98/99 | 249,240 | 0 | 269,327 | 0 |
| Tech-Prep Education | 84.243 | 050856-98 | 15,020 | 0 | 0 | 0 |
| Innovative Education Program Strategies (Title VI of ESEA) | 84.298 | 050856-C2-S1-99 | 1,579 | 0 | 1,579 | 0 |
| Total United States Department of Education | | | 265,839 | 0 | 270,906 | 0 |
| United States Department of Labor | | | | | | |
| Passed-Through Ohio Department of Education: | | | | | | |
| Employment Services and Job Training Pilot | 17.249 | 050856-WK-BE-99 | 5,000 | 0 | 0 | 0 |
| Total United States Department of Labor | | | 5,000 | 0 | 0 | 0 |
| Total Federal Awards Receipts and Expenditures | | | \$305,986 | \$4,073 | \$306,053 | \$4,555 |

The notes to this Schedule of Federal Awards Receipts and Expenditures are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Belmont-Harrison Vocational School District
Belmont County
110 Fox-Shannon Place
St. Clairsville, Ohio 43950

To Members of the Board:

We have audited the general purpose financial statements of the Belmont-Harrison Vocational School District, Belmont County, Ohio, (the School District), as of and for the year ended June 30, 1999, and have issued our report thereon dated January 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 10, 2000.

Internal Control Over Financial Reporting

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

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

Jim Petro
Auditor of State

January 10, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Belmont-Harrison Vocational School District
Belmont County
110 Fox-Shannon Place
St. Clairsville, Ohio 43950

To Members of the Board:

Compliance

We have audited the compliance of the Belmont-Harrison Vocational School District, Belmont County, Ohio, (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School 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 School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control over Compliance

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

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

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

JIM PETRO
Auditor of State

January 10, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

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

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)

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

None

| |
|---------------------------------------|
| 3. FINDINGS FOR FEDERAL AWARDS |
|---------------------------------------|

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BELMONT-HARRISON VOCATIONAL SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 24, 2000**