



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

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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, 2000, 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, 2000, 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 16, 2001 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the 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 a whole.

Jim Petro
Auditor of State

January 16, 2001

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
Assets and Other Debits:					
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$2,102,546	\$49,958	\$41,972	\$30,643	
Cash and Cash Equivalents in Segregated Accounts					
Cash with Fiscal and Escrow Agents					146,044
Receivables:					
Taxes	1,507,987		21,389		
Accounts	757			3,058	
Intergovernmental	0	51,245			
Interfund	51,245				
Accrued Interest	27,290				
Prepaid Items	48,306	1,010		275	
Inventory Held for Resale				1,760	
Materials and Supplies Inventory	8,246	132		295	
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	90,073				
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				81,022	
Other Debits:					
Amount to be Provided from General Government Resources					
Total Assets and Other Debits	\$3,836,450	\$102,345	\$63,361	\$117,053	\$146,044

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$68,729	\$	\$	\$2,293,848
			146,044
			1,529,376
			3,815
			51,245
			51,245
			27,290
			49,591
			1,760
			8,673
			90,073
	6,082,313		6,163,335
		788,683	788,683
\$68,729	\$6,082,313	\$788,683	\$11,204,978

(continued)

**BELMONT-HARRISON VOCATIONAL SCHOOL DISTRICT
 BELMONT COUNTY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 FOR THE FISCAL YEAR ENDED JUNE 30 , 2000
 (Continued)**

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
Liabilities, Fund Equity and Other Credits:					
Liabilities:					
Accounts Payable	\$31,809	\$7,704		\$	
Accrued Wages Payable	395,639	10,900		2,322	
Compensated Absences Payable	10,817			11,201	
Interfund Payable		51,245			
Intergovernmental Payable	54,017	1,563		3,147	
Deferred Revenue	1,404,585		19,051	3,840	
Due to Students					
Claims Payable					48,186
Pension Obligation Payable					
Capital Leases Payable					
Total Liabilities	1,896,867	71,412	19,051	20,510	48,186
Fund Equity and Other Credits:					
Investment in General Fixed Assets					
Contributed Capital				149,719	
Retained Earnings:					
Unreserved (Deficits)				(53,176)	97,858
Fund Balance:					
Reserved for Encumbrances	315,104	22,202			
Reserved for Inventory	8,246	132			
Reserved for Property Taxes	104,059		2,338		
Reserved for Budget Stabilization	90,073				
Unreserved:					
Undesignated (Deficit)	1,422,101	8,599	41,972		
Total Fund Equity (Deficit) and Other Credits	1,939,583	30,933	44,310	96,543	97,858
Total Liabilities, Fund Equity and Other Credits	\$3,836,450	\$102,345	\$63,361	\$117,053	\$146,044

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Account Groups		
Trust and Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
\$	\$	\$	\$39,513
			408,861
		784,788	806,806
			51,245
7,897			66,624
			1,427,476
16,769			16,769
			48,186
		1,597	1,597
		2,298	2,298
<u>24,666</u>	<u>0</u>	<u>788,683</u>	<u>2,869,375</u>
	6,082,313		6,082,313
			149,719
			44,682
			337,306
			8,378
			106,397
			90,073
<u>44,063</u>			<u>1,516,735</u>
<u>44,063</u>	<u>6,082,313</u>	<u>0</u>	<u>8,335,603</u>
<u>\$68,729</u>	<u>\$6,082,313</u>	<u>\$788,683</u>	<u>\$11,204,978</u>

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

**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, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:					
Taxes	\$1,492,215	\$	\$33,947		\$1,526,162
Intergovernmental	3,243,986	390,928	3,672		3,638,586
Interest	99,240			2,325	101,565
Tuition and Fees	20,333				20,333
Extracurricular Activities		11,159			11,159
Gifts and Donations	1,019			22,780	23,799
Customer Services	12,277				12,277
Miscellaneous	169				169
Total Revenues	<u>4,869,239</u>	<u>402,087</u>	<u>37,619</u>	<u>25,105</u>	<u>5,334,050</u>
Expenditures:					
Current:					
Instruction:					
Regular	282,002	2,823			284,825
Special		46,373			46,373
Vocational	2,355,898	113,121		25,811	2,494,830
Support Services:					
Pupils	376,018	84,238			460,256
Instructional Staff	3,450	55,189			58,639
Board of Education	18,026				18,026
Administration	371,316	5,983			377,299
Fiscal	197,000				197,000
Business	6,460				6,460
Operation and Maintenance of Plant	603,646	238			603,884
Central		55,879			55,879
Operation of Non-Instructional Services	1,039	7,510			8,549
Extracurricular Activities		10,798			10,798
Capital Outlay			126,264		126,264
Debt Service:					
Principal Retirement	1,347				1,347
Interest and Fiscal Charges	304				304
Total Expenditures	<u>4,216,506</u>	<u>382,152</u>	<u>126,264</u>	<u>25,811</u>	<u>4,750,733</u>
Excess of Revenues Over (Under) Expenditures	<u>652,733</u>	<u>19,935</u>	<u>(88,645)</u>	<u>(706)</u>	<u>583,317</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets					0
Inception of Capital Lease					0
Operating Transfers In			25,000		25,000
Operating Transfers Out	(45,000)				(45,000)
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>(20,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	607,733	19,935	(63,645)	(706)	563,317
Fund Balances (Deficit) at Beginning of Year	1,329,496	11,156	107,955	44,769	1,493,376
Decrease in Reserve for Inventory	2,354	(158)			2,196
Fund Balances at End of Year	<u>\$1,939,583</u>	<u>\$30,933</u>	<u>\$44,310</u>	<u>\$44,063</u>	<u>\$2,058,889</u>

See accompanying notes to the general purpose financial statements.

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

**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, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$1,544,000	\$1,543,995	(\$5)
Intergovernmental	3,220,980	3,243,986	23,006
Interest	86,500	77,785	(8,715)
Tuition and Fees	20,500	20,333	(167)
Extracurricular Activities			
Gifts and Donations	1,000	1,019	19
Customer Services	14,453	12,632	(1,821)
Miscellaneous	70	69	(1)
Total Revenues	<u>4,887,503</u>	<u>4,899,819</u>	<u>12,316</u>
Expenditures:			
Current:			
Instruction:			
Regular	293,428	283,073	10,355
Special	0		
Vocational	2,810,412	2,703,823	106,589
Support Services:			
Pupils	395,800	384,985	10,815
Instructional Staff	4,755	3,610	1,145
Board of Education	22,715	18,166	4,549
Administration	379,996	373,978	6,018
Fiscal	214,077	199,722	14,355
Business	6,500	6,460	40
Operation and Maintenance of Plant Central	727,300	632,869	94,431
Operation of Non-Instructional Services	1,724	1,039	685
Extracurricular Activities			
Total Expenditures	<u>4,856,707</u>	<u>4,607,725</u>	<u>248,982</u>
Excess of Revenues Over (Under) Expenditures	<u>30,796</u>	<u>292,094</u>	<u>261,298</u>
Other Financing Sources (Uses):			
Advances In	41,821	41,821	
Advances Out	(51,245)	(51,245)	
Operating Transfers In			
Operating Transfers Out	(45,000)	(45,000)	
Total Other Financing Sources (Uses)	<u>(54,424)</u>	<u>(54,424)</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(23,628)</u>	<u>237,670</u>	<u>261,298</u>
Fund Balances at Beginning of Year	1,552,037	1,552,037	
Prior Year Encumbrances Appropriated	57,391	57,391	
Fund Balances (Deficits) at End of Year	<u>\$1,585,800</u>	<u>\$1,847,098</u>	<u>\$261,298</u>

(Continued)

Special Revenue Funds

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 381,884	\$ 381,504	(380)
12,300	11,159	(1,141)
<u>394,184</u>	<u>392,663</u>	<u>(1,521)</u>
2,824	2,823	1
48,757	47,382	1,375
127,459	118,553	8,906
85,342	84,392	950
66,134	63,914	2,220
6,030	5,956	74
4,302	4,302	
58,627	55,847	2,780
9,769	7,510	2,259
12,621	11,299	1,322
<u>421,865</u>	<u>401,978</u>	<u>19,887</u>
<u>(27,681)</u>	<u>(9,315)</u>	<u>18,366</u>
51,245	51,245	
(41,821)	(41,821)	
<u>9,424</u>	<u>9,424</u>	
(18,257)	109	18,366
9,755	9,755	
10,188	10,188	
<u>\$1,686</u>	<u>\$20,052</u>	<u>\$18,366</u>

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

**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, 2000
(Continued)**

	Capital Projects Funds			Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:	\$34,350	\$34,972	\$622			
Taxes	3,600	3,672	72			
Intergovernmental				2,420	2,325	(95)
Interest						
Tuition and Fees						
Extracurricular Activities				22,780	22,780	
Gifts and Donations						
Customer Services						
Miscellaneous						
	<u>37,950</u>	<u>38,644</u>	<u>694</u>	<u>25,200</u>	<u>25,105</u>	<u>(95)</u>
Total Revenues						
Expenditures:						
Current:						
Instruction:						
Regular						
Special				27,000	23,652	3,348
Adult/Continuing						
Support Services:						
Pupils						
Instructional Staff						
Board of Education						
Administration	1,700	885	815			
Fiscal						
Business	137,819	125,379	12,440			
Pupil Transportation						
Central						
Operation of Non-Instructional Services						
Interest and Fiscal Charges						
	<u>139,519</u>	<u>126,264</u>	<u>13,255</u>	<u>27,000</u>	<u>23,652</u>	<u>3,348</u>
Total Expenditures						
	<u>(101,569)</u>	<u>(87,620)</u>	<u>13,949</u>	<u>(1,800)</u>	<u>1,453</u>	<u>3,253</u>
Excess of Revenues Over (Under) Expenditures						
Proceeds from Sale of Fixed Assets						
Advances In						
Advances Out	25,000	25,000				
Operating Transfers In						
Operating Transfers Out						
	<u>25,000</u>	<u>25,000</u>				
Total Other Financing Sources (Uses)						
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(76,569)	(62,620)	13,949	(1,800)	1,453	3,253
Fund Balances at Beginning of Year	21,772	21,772		50,508	50,508	
	<u>82,820</u>	<u>82,820</u>				
Prior Year Encumbrances Appropriated						
	<u>\$28,023</u>	<u>\$41,972</u>	<u>\$13,949</u>	<u>\$48,708</u>	<u>\$51,961</u>	<u>\$3,253</u>
Fund Balances (Deficits) at End of Year						

(Continued)

See accompanying notes to the general purpose financial statements.

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,578,350	\$1,578,967	\$617
3,606,464	3,629,162	22,698
88,920	80,110	(8,810)
20,500	20,333	(167)
12,300	11,159	(1,141)
23,780	23,799	19
14,453	12,632	(1,821)
70	69	(1)
<u>5,344,837</u>	<u>5,356,231</u>	<u>11,394</u>
296,252	285,896	10,356
48,757	47,382	1,375
2,964,871	2,846,028	118,843
481,142	469,377	11,765
70,889	67,524	3,365
22,715	18,166	4,549
386,026	379,934	6,092
215,777	200,607	15,170
6,500	6,460	40
869,421	762,550	106,871
58,627	55,847	2,780
11,493	8,549	2,944
12,621	11,299	1,322
<u>5,445,091</u>	<u>5,159,619</u>	<u>285,472</u>
<u>(100,254)</u>	<u>196,612</u>	<u>296,866</u>
93,066	93,066	
(93,066)	(93,066)	
25,000	25,000	
<u>(45,000)</u>	<u>(45,000)</u>	
<u>(20,000)</u>	<u>(20,000)</u>	
(120,254)	176,612	296,866
1,634,072	1,634,072	
150,399	150,399	
<u>\$1,664,217</u>	<u>\$1,961,083</u>	<u>\$296,866</u>

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

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

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Sales	\$81,598	\$	\$81,598
Charges for Services	\$10,517	\$312,104	322,621
Other Operating Revenue		1,022	1,022
	<u>92,115</u>	<u>313,126</u>	<u>405,241</u>
Operating Expenses:			
Salaries	47,607		47,607
Fringe Benefits	11,898		11,898
Purchased Services	1,702	15,309	17,011
Materials and Supplies	14,704		14,704
Other	1,151	3	1,154
Cost of Sales	63,152		63,152
Depreciation	2,113		2,113
Claims		232,423	232,423
	<u>142,327</u>	<u>247,735</u>	<u>390,062</u>
Total Operating Expenses			
Operating Loss	<u>(50,212)</u>	<u>65,391</u>	<u>15,179</u>
Non-Operating Revenues:			
Federal Donated Commodities	5,147		5,147
Interest Income		5,904	5,904
Operating Grants	44,337		44,337
Loss on Sale of Fixed Assets	<u>(4,346)</u>		<u>(4,346)</u>
Total Non-Operating Revenues	<u>45,138</u>	<u>5,904</u>	<u>51,042</u>
Loss Before Operating Transfers	(5,074)	71,295	66,221
Operating Transfers In	<u>20,000</u>		<u>20,000</u>
Net Income (Loss)	14,926	71,295	86,221
Retained Earnings (Deficits) at Beginning of Year	<u>(68,102)</u>	<u>26,563</u>	<u>(41,539)</u>
Retained Earnings (Deficits) at End of Year	(53,176)	97,858	44,682
Contributed Capital at Beginning and End of Year	<u>149,719</u>	<u>0</u>	<u>149,719</u>
Total Fund Equity at End of Year	<u>\$96,543</u>	<u>\$97,858</u>	<u>\$194,401</u>

See accompanying notes to the general purpose financial statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$81,564	\$81,598	\$34
Charges for Services	10,838	10,517	(321)
Other			
Interest Income			
Operating Grants	44,345	44,337	(8)
Total Revenues	136,747	136,452	(295)
Expenses:			
Salaries	52,890	48,072	4,818
Fringe Benefits	12,770	11,346	1,424
Purchased Services	8,300	5,090	3,210
Materials and Supplies	77,757	72,623	5,134
Other	1,218	1,151	67
Capital Outlay	1,065	1,065	
Total Expenses	154,000	139,347	14,653
Excess of Revenues Under Expenses	(17,253)	(2,895)	14,358
Operating Transfers In	24,154	20,000	(4,154)
Excess of Revenues Over (Under) Expenses, Advances, and Transfers	6,901	17,105	10,204
Fund Equity at Beginning of Year	9,875	9,875	
Prior Year Encumbrances Appropriated			
Fund Equity (Deficit) at End of Year	\$16,776	\$26,980	\$10,204

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)
\$	\$		\$81,564	\$81,598	\$34
306,899	312,104	5,205	317,737	322,621	4,884
948	1,022	74	948	1,022	74
6,417	5,904	(513)	6,417	5,904	(513)
			44,345	44,337	(8)
<u>314,264</u>	<u>319,030</u>	<u>4,766</u>	<u>451,011</u>	<u>455,482</u>	<u>4,471</u>
			52,890	48,072	4,818
334,131	220,834	113,297	346,901	232,180	114,721
15,309	15,309		23,609	20,399	3,210
			77,757	72,623	5,134
3	3		1,221	1,154	67
			1,065	1,065	
<u>349,443</u>	<u>236,146</u>	<u>113,297</u>	<u>503,443</u>	<u>375,493</u>	<u>127,950</u>
<u>(35,179)</u>	<u>82,884</u>	<u>118,063</u>	<u>(52,432)</u>	<u>79,989</u>	<u>132,421</u>
			24,154	20,000	(4,154)
(35,179)	82,884	118,063	(28,278)	99,989	128,267
63,160	63,160		73,035	73,035	
<u>\$27,981</u>	<u>\$146,044</u>	<u>\$118,063</u>	<u>\$44,757</u>	<u>\$173,024</u>	<u>\$128,267</u>

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

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

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$81,598	\$	\$81,598
Cash Received from Fees	\$10,517		10,517
Cash Received from Quasi-External Transactions with Other Funds		312,104	312,104
Cash Received from Other Revenues		1,022	1,022
Cash Payments to Suppliers for Goods and Services	(74,050)	(15,309)	(89,359)
Cash Payments for Employee Services	(48,072)		(48,072)
Cash Payments for Employee Benefits	(11,346)		(11,346)
Cash Payments for Other Expenses	(1,151)	(3)	(1,154)
Cash Payments for Claims		(220,834)	(220,834)
Net Cash Used for Operating Activities	<u>(42,504)</u>	<u>76,980</u>	<u>34,476</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In	20,000		20,000
Operating Grants Received	44,337		44,337
Net Cash Provided by Noncapital Financing Activities	<u>64,337</u>	<u>0</u>	<u>64,337</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(1,065)		(1,065)
Cash Flows from Investing Activities			
Interest Income		5,904	5,904
Net Increase (Decrease) in Cash and Cash Equivalents	20,768	82,884	103,652
Cash and Cash Equivalents at Beginning of Year	9,875	63,160	73,035
Cash and Cash Equivalents at End of Year	<u>\$30,643</u>	<u>\$146,044</u>	<u>\$176,687</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	(\$50,212)	\$65,391	\$15,179
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	2,113		2,113
Donated Commodities Used During the Year	5,147		5,147
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	2		2
Increase in Prepaid Items	(8)		(8)
Decrease in Inventory Held for Resale	951		951
Decrease in Accrued Wages Payable	(465)		(465)
Increase in Compensated Absences Payable	662		662
Decrease in Intergovernmental Payable	(102)		(102)
Decrease in Deferred Revenue		11,589	11,589
Decrease in Claims Payable	(592)		(592)
Total Adjustments	<u>7,708</u>	<u>11,589</u>	<u>19,297</u>
Net Cash Used for Operating Activities	<u>(\$42,504)</u>	<u>\$76,980</u>	<u>\$34,476</u>

See accompanying notes to the general purpose financial statements.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 22 classified employees and 63 certificated employees to provide services to Belmont, Harrison, Jefferson, Carroll, and Tuscarawas County juniors and seniors. For fiscal year 2000, the ADM was 537.

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 17 and 18.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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.

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).

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 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.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function/object level for the General Fund and at the fund level for all other funds. 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 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures for the General Fund and at the fund level of expenditures for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriations 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 in the General Fund, must be approved by the Board of Education. The treasurer allocates the Board's appropriation to the function and object level.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

D. Cash and Cash with Fiscal Agents

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 2000, 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 to the general fund during fiscal year 2000 amounted to \$99,240, which includes \$12,037 assigned from other funds and \$2,325 was credited to the Muller Scholarship fund and \$5,904 to the self-insurance fund.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. 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. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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. During the fiscal year, the School District had no investments that met this criteria.

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 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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, 2000, 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund 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

Martha Holden Jennings
Title VI
Professional Development Block Grant
Educational Management Information System
School To Work Grant
School Net
Telecommunications Act Grant

Reimbursable Grants

Special Revenue Funds

Career Development
Vocational Education Planning Districts Grant
Children's Trust
Tech Prep

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately sixty-eight percent of the School District's operating revenue during the 2000 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 2000.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

At June 30, 2000, the Career Development Special Revenue Fund had a deficit fund balance of \$227. This deficit fund balance was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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 opening 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).

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 Expendable Trust Fund

	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$607,733	\$19,935	(\$63,645)	(\$706)
Revenue Accruals	30,580	(9,424)	1,025	0
Expenditure Accruals	(102,250)	8,938	0	2,159
Prepaid Items	48,306	1,010	0	0
Materials and Supply Inventory	8,246	132	0	0
Advances	(9,424)	9,424	0	0
Encumbrances	(345,521)	(29,906)	0	0
Budget Basis	<u>\$237,670</u>	<u>\$109</u>	<u>(\$62,620)</u>	<u>\$1,453</u>

Net Income/Excess of Revenues Under Expenses

All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$14,926	\$71,295
Loss on Sale of Fixed Asset	4,346	0
Expense Accruals	(1,882)	11,589
Prepaid Items	275	0
Materials and Supplies Inventory	295	0
Inventory Held For Resale	1,760	0
Capital Outlay	(1,065)	0
Depreciation Expense	2,113	0
Encumbrances	(3,663)	0
Budget Basis	<u>\$17,105</u>	<u>\$82,884</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 two years 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;
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

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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that investments in securities described in this division are made only through eligible institutions; and

6. The State Treasurer's investment pool (STAR Ohio).

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, 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, 2000, the School District's internal service fund had a balance of \$146,044 with OME-RESA, a jointly governed organization (See Note 17). 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 \$734,204 and the bank balance was \$927,018. Of the bank balance, \$101,019 was covered by federal depository insurance and \$825,999 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. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Fair Value</u>
STAROhio	\$1,649,717

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."

**BELMONT-HARRISON VOCATIONAL SCHOOL DISTRICT
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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	\$2,383,921	\$0
Investments:		
STAROhio	(1,649,717)	1,649,717
GASB Statement 3	\$734,204	\$1,649,717

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, 2000, are available to finance fiscal year 2000 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, 2000. 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

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

30, 2000, was \$106,397 and is recognized as revenue. \$104,059 was available to the General Fund and \$2,338 was available to the Permanent Improvement Capital Projects Fund. At June 30, 1999, \$159,202 was available to the School District. \$155,839 was available to the General Fund and \$3,363 was available to the Permanent Improvement Capitals Project Fund.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$649,832,840	75.00%	\$680,222,380	75.00%
Public Utility	138,029,910	16.00%	133,443,510	15.00%
Tangible Personal Property	81,764,300	9.00%	88,809,510	10.00%
Total Assessed Value	<u>\$869,627,050</u>	<u>100.00%</u>	<u>\$902,475,400</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$1.95		\$1.95	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts, 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	\$44,485
Career Development Planning District	6,760
Total Special Revenue Funds	51,245
Total Intergovernmental Receivables	<u>\$51,245</u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2000, follows:

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Furniture and Equipment	\$167,235
Less Accumulated Depreciation	<u>(86,213)</u>
Net Fixed Assets	<u><u>\$81,022</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$109,628	\$0	\$0	\$109,628
Buildings and Improvements	3,615,541	171,948	0	3,787,489
Furniture, Fixtures and Equipment	2,055,688	221,809	(176,370)	2,101,127
Vehicles	<u>84,069</u>	<u>0</u>	<u>0</u>	<u>84,069</u>
Totals	<u><u>\$5,864,926</u></u>	<u><u>\$393,757</u></u>	<u><u>(\$176,370)</u></u>	<u><u>\$6,082,313</u></u>

There was no significant construction in progress at June 30, 2000.

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 2000, the School District contracted with Nationwide Insurance Company for commercial auto coverage and with Utica National for property, commercial crime, commercial inland marine, and boiler and machinery. 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. The Insurance Company of the State of Pennsylvania provides a blanket professional liability policy for the health occupation 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 2000, the School District participated in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and

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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 GRP's 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 contract services are paid from the self-insurance internal service fund. The claims liability of \$48,186 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party 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. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. 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
1999	\$138,547	\$366,259	\$468,209	\$36,597
2000	\$36,597	\$232,423	\$220,834	\$48,186

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

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with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion 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 Districts required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$24,086, \$31,547, and \$36,141, respectively; 99 percent has been contributed for fiscal year 2000, and 100 percent for the fiscal years 1999 and 1998. \$4,416 represents the unpaid contribution for fiscal year 2000, 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 retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits 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, 2000, 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. 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 Districts required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$99,333, \$132,993 and \$220,239, respectively; 80 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$19,707 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds.

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, 2000, four members of the Board of Education has 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.

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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, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$132,444 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 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, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$41,521.

The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 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. 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 84 days for classified staff. For those employees with more than 82/84 days of accumulated sick leave days, the School District will pay twenty dollars per each day of sick leave above the 82/84 days.

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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

In prior years, 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 2000 totaled \$1,789 which included cash payments of \$1,347 and a non-cash payment of \$442 which represents a bonus voucher from the vender.

Future minimum lease payments through 2002 are as follows:

<u>Year</u>	<u>General Long-Term Obligations</u>
2001	\$1,801
2002	677
Total	2,478
Less: Amount Representing Interest	(180)
Present Value of Net Minimum Lease Payments	<u><u>\$2,298</u></u>

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NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the School District's general long-term obligations during fiscal year 2000 consist of the following:

	Outstanding 6/30/99	Additions	Reductions	Outstanding 6/30/00
Compensated Absences	\$741,784	\$197,383	\$154,379	\$784,788
Pension Obligation	1,329	1,597	1,329	1,597
Capital Lease	4,087	0	1,789	2,298
Total	<u>\$747,200</u>	<u>\$198,980</u>	<u>\$157,497</u>	<u>\$788,683</u>

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 - INTERFUND ACTIVITY

As of June 30, 2000 receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$51,245	\$0
Special Revenue Funds:		
Career Development	0	6,760
Vocational Education Planning Districts Grant	0	44,485
Total Special Revenue Funds	<u>0</u>	<u>51,245</u>
Total All Funds	<u>\$51,245</u>	<u>\$51,245</u>

NOTE 16 - 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, 2000:

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	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$81,598	\$10,517	\$92,115
Depreciation Expense	2,113	0	2,113
Operating Loss	(47,730)	(2,482)	(50,212)
Donated Commodities	5,147	0	5,147
Operating Grants	44,337	0	44,337
Loss on Sale of Fixed Asset	(4,346)	0	(4,346)
Transfer In	10,000	10,000	20,000
Net Income	7,408	7,518	14,926
Net Working Capital	7,617	7,904	15,521
Total Assets	106,091	10,962	117,053
Total Equity	88,639	7,904	96,543
Encumbrances Outstanding at June 30, 2000	\$3,663	\$0	\$3,663

NOTE 17 - 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, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

NOTE 18 - 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

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participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19 - 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 State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,029,888 of school foundation support for its general fund.

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

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

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 20 - 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 received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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>Budget Stabilization Reserve</u>	<u>Capital Improvements Reserve</u>	<u>Textbooks/ Instructional Materials Reserve</u>
Set-aside Cash Balance as of June 30, 1999	\$55,109	\$0	\$0
Current Year Set-aside Requirement	34,964	104,893	104,893
Current Year Offsets	0	(63,644)	0
Qualifying Disbursements	0	(185,003)	(240,468)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$90,073</u>	<u>(\$25,000)</u>	<u>(\$135,575)</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$90,073</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts to below zero. These extra amounts may be used to reduce the set-aside requirements in future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$90,073.

NOTE 21 - 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, 2000.

B. Litigation

The School District is not party to any legal proceedings.

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

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

Federal Program	CFDA #	Pass-Through Agency Awarding Number	Receipts	Noncash Receipts	Expenditures	Noncash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Nutrition Cluster:						
<i>Passed-Through Ohio Department of Education:</i>						
Food Distribution Program	10.550	050856-00	\$0	\$4,555	\$0	\$5,147
School Breakfast Program	10.553	050856-05-PU-00	7,751	0	7,751	0
National School Lunch Program	10.555	050856-03/04-PU-00	33,851	0	33,851	0
Total U. S. Department of Agriculture - Nutrition Cluster			41,602	4,555	41,602	5,147
U.S. DEPARTMENT OF EDUCATION						
<i>Passed-Through Ohio Department of Education:</i>						
Vocational Education - Basic Grants to States	84.048	050856-20-C1-99	32,663	0	7,573	0
Vocational Education - Basic Grants to States	84.048	050856-20-C1-00	252,082		271,138	
Total Vocational Education-Basic Grants to States			284,745	0	278,711	0
Innovative Education Program Strategies (Title VI of ESEA)	84.298	050856-C2-S1-99	278	0	278	0
Innovative Education Program Strategies (Title VI of ESEA)	84.298	050856-C2-S1-00	2,311	0	0	0
Total Innovative Education Program Strategies			2,589	0	278	0
Total United U.S. Department of Education			287,334	0	278,989	0
Total Federal Awards Receipts and Expenditures			\$328,936	\$4,555	\$320,591	\$5,147

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

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity 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, 2000, the School District had no significant food commodities in inventory.

NOTE C - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAMS

Federal monies are commingled with total food service funds. It is assumed federal monies are expended first.

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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 the Board of Education:

We have audited the financial statements of Belmont-Harrison Vocational School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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*.

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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 16, 2001.

Belmont-Harrison Vocational School District
Belmont County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, the 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 16, 2001



**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 the Board of Education:

Compliance

We have audited the compliance of 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, 2000. 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, 2000.

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.

Belmont-Harrison Vocational School District
Belmont County
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
Page 2

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

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

Jim Petro
Auditor of State

January 16, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

1. SUMMARY OF AUDITORS 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 noncompliance 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

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards.



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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 20, 2001**