



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

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



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

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STATE OF OHIO  
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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, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, the School District adopted Governmental Accounting Statements No. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 12, 2001

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Belmont-Harrison Vocational School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,003,708	\$80,648	\$61,361
Cash with Fiscal Agents	0	0	0
<u>Receivables:</u>			
Property and Other Local Taxes	1,297,154	0	0
Accounts	3,849	0	0
Intergovernmental	0	19,632	0
Accrued Interest	41,125	0	0
Interfund	90,426	0	0
Prepaid Items	50,673	1,534	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	12,971	360	0
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivqlents	22,817	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Government Resources	0	0	0
 Total Assets and Other Debits	 \$3,522,723	 \$102,174	 \$61,361



<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$15,665	\$0	\$77,777	\$0	\$0	\$2,239,159
0	41,777	0	0	0	41,777
0	0	0	0	0	1,297,154
2,554	0	0	0	0	6,403
4,970	0	0	0	0	24,602
0	0	0	0	0	41,125
0	0	0	0	0	90,426
541	0	0	0	0	52,748
1,861	0	0	0	0	1,861
378	0	0	0	0	13,709
0	0	0	0	0	22,817
77,933	0	0	6,471,494	0	6,549,427
0	0	0	0	812,967	812,967
<u>\$103,902</u>	<u>\$41,777</u>	<u>\$77,777</u>	<u>\$6,471,494</u>	<u>\$812,967</u>	<u>\$11,194,175</u>

(continued)

Belmont-Harrison Vocational School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Liabilities Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$10,753	\$8,337	\$0
Accrued Wages and Benefits Payable	426,502	18,725	0
Compensated Absences Payable	10,826	0	0
Interfund Payable	0	50,426	0
Intergovernmental Payable	75,828	3,997	0
Deferred Revenue	1,197,175	13,757	0
Due to Students	0	0	0
Claims Payable	0	0	0
Pension Obligation Payable	0	0	0
Capital Leases Payable	0	0	0
	1,721,084	95,242	0
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
<u>Retained Earnings:</u>			
Unreserved (Deficit)	0	0	0
<u>Fund Balance:</u>			
Reserved for Encumbrances	271,869	35,702	0
Reserved for Inventory	12,971	360	0
Reserved for Property Taxes	100,066	0	0
Reserved for Budget Stabilization	22,817	0	0
<u>Unreserved:</u>			
Undesignated (Deficit)	1,393,916	(29,130)	61,361
	1,801,639	6,932	61,361
Total Liabilities, Fund Equity and Other Credits	\$3,522,723	\$102,174	\$61,361

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$0	\$0	\$0	\$0	\$0	\$19,090
2,375	0	0	0	0	447,602
11,765	0	0	0	810,075	832,666
0	40,000	0	0	0	90,426
2,518	0	5,785	0	0	88,128
3,271	0	0	0	0	1,214,203
0	0	23,542	0	0	23,542
0	70,166	0	0	0	70,166
0	0	0	0	2,236	2,236
0	0	0	0	656	656
<u>19,929</u>	<u>110,166</u>	<u>29,327</u>	<u>0</u>	<u>812,967</u>	<u>2,788,715</u>
0	0	0	6,471,494	0	6,471,494
149,719	0	0	0	0	149,719
(65,746)	(68,389)	0	0	0	(134,135)
0	0	0	0	0	307,571
0	0	0	0	0	13,331
0	0	0	0	0	100,066
0	0	0	0	0	22,817
0	0	48,450	0	0	1,474,597
<u>83,973</u>	<u>(68,389)</u>	<u>48,450</u>	<u>6,471,494</u>	<u>0</u>	<u>8,405,460</u>
<u>\$103,902</u>	<u>\$41,777</u>	<u>\$77,777</u>	<u>\$6,471,494</u>	<u>\$812,967</u>	<u>\$11,194,175</u>

Belmont-Harrison Vocational School District, Ohio  
 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, 2001

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<u>Revenues:</u>					
Property and Other Local Taxes	\$1,454,391	\$0	\$15,649	\$0	\$1,470,040
Intergovernmental	3,239,055	460,340	1,854	0	3,701,249
Interest	148,195	0	0	2,792	150,987
Tuition and Fees	9,952	0	0	0	9,952
Extracurricular Activities	0	9,536	0	0	9,536
Gifts and Donations	10	0	0	22,780	22,790
Customer Services	12,028	0	0	0	12,028
Miscellaneous	18,864	0	0	0	18,864
<b>Total Revenues</b>	<b>4,882,495</b>	<b>469,876</b>	<b>17,503</b>	<b>25,572</b>	<b>5,395,446</b>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	397,125	28,672	0	0	425,797
Special	0	38,471	0	0	38,471
Vocational	2,911,472	72,536	0	21,185	3,005,193
Support Services:					
Pupils	434,623	209,011	0	0	643,634
Instructional Staff	6,411	68,040	0	0	74,451
Board of Education	19,040	0	0	0	19,040
Administration	483,031	5,697	0	0	488,728
Fiscal	196,538	0	452	0	196,990
Operation and Maintenance of Plant	575,163	5,062	0	0	580,225
Central	0	5,000	0	0	5,000
Operation of Non-Instructional Services	1,710	8,252	0	0	9,962
Extracurricular Activities	0	2,119	0	0	2,119
Debt Service:					
Principal Retirement	1,642	0	0	0	1,642
Interest and Fiscal Charges	159	0	0	0	159
<b>Total Expenditures</b>	<b>5,026,914</b>	<b>442,860</b>	<b>452</b>	<b>21,185</b>	<b>5,491,411</b>
Excess of Revenues Over (Under) Expenditures	(144,419)	27,016	17,051	4,387	(95,965)
<u>Other Financing Sources :</u>					
Proceeds from Sale of Fixed Assets	1,750	0	0	0	1,750
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(142,669)	27,016	17,051	4,387	(94,215)
Fund Balances at Beginning of Year - Restated Note 3	1,939,583	(20,311)	44,310	44,063	2,007,645
Increase in Reserve for Inventory	4,725	227	0	0	4,952
<b>Fund Balances at End of Year</b>	<b>\$1,801,639</b>	<b>\$6,932</b>	<b>\$61,361</b>	<b>\$48,450</b>	<b>\$1,918,382</b>

See accompanying notes to the general purpose financial statements.

Belmont-Harrison Vocational School District, Ohio  
 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, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Local Taxes	\$1,458,384	\$1,458,384	\$0
Intergovernmental	3,238,930	3,239,055	125
Interest	129,635	134,360	4,725
Tuition and Fees	9,946	9,952	6
Extracurricular Activities	0	0	0
Gifts and Donations	0	10	10
Customer Services	12,085	12,028	(57)
Miscellaneous	15,438	15,202	(236)
<b>Total Revenues</b>	<b>4,864,418</b>	<b>4,868,991</b>	<b>4,573</b>
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	399,506	381,095	18,411
Special	0	0	0
Vocational	3,167,807	3,017,676	150,131
<u>Support Services:</u>			
Pupils	513,843	449,367	64,476
Instructional Staff	6,000	6,000	0
Board of Education	23,825	18,951	4,874
Administration	501,312	477,739	23,573
Fiscal	219,292	203,935	15,357
Operation and Maintenance of Plant	796,746	723,026	73,720
Central	0	0	0
Operation of Non-Instructional Services	2,500	1,710	790
Extracurricular Activities	0	0	0
<b>Total Expenditures</b>	<b>5,630,831</b>	<b>5,279,499</b>	<b>351,332</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(766,413)</b>	<b>(410,508)</b>	<b>355,905</b>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	1,750	1,750	0
Operating Transfers In	1,914	0	(1,914)
Operating Transfers Out	(3,370)	0	3,370
Advances In	82,245	82,245	0
Advances Out	(121,426)	(121,426)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(38,887)</b>	<b>(37,431)</b>	<b>1,456</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(805,300)</b>	<b>(447,939)</b>	<b>357,361</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,847,105</b>	<b>1,847,105</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>345,514</b>	<b>345,514</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$1,387,319</b>	<b>\$1,744,680</b>	<b>\$357,361</b>

(continued)

Belmont-Harrison Vocational School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types and Similar Trust Fund (Continued)  
 For the Fiscal Year Ended June 30, 2001

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Local Taxes	\$0	\$0	\$0
Intergovernmental	436,726	454,466	17,740
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	9,535	9,535	0
Gifts and Donations	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
Total Revenues	446,261	464,001	17,740
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	28,711	28,672	39
Special	39,666	38,454	1,212
Vocational	89,290	84,501	4,789
<u>Support Services:</u>			
Pupils	219,345	217,234	2,111
Instructional Staff	79,107	76,347	2,760
Board of Education	0	0	0
Administration	5,800	5,727	73
Fiscal	0	0	0
Operation and Maintenance of Plant	5,469	5,062	407
Central	11,000	11,000	0
Operation of Non-Instructional Services	9,300	8,252	1,048
Extracurricular Activities	2,501	2,442	59
Total Expenditures	490,189	477,691	12,498
Excess of Revenues Over (Under) Expenditures	(43,928)	(13,690)	30,238
 <u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Advances In	81,426	81,426	0
Advances Out	(82,245)	(82,245)	0
Total Other Financing Sources (Uses)	(819)	(819)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(44,747)	(14,509)	30,238
Fund Balances at Beginning of Year	20,057	20,057	0
Prior Year Encumbrances Appropriated	29,901	29,901	0
Fund Balances at End of Year	\$5,211	\$35,449	\$30,238

Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$17,987	\$17,987	\$0	\$0	\$0	\$0
1,854	1,854	0	0	0	0
0	0	0	2,500	2,792	292
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	23,000	22,780	(220)
0	0	0	0	0	0
0	0	0	0	0	0
19,841	19,841	0	25,500	25,572	72
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	28,971	23,297	5,674
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
500	452	48	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
500	452	48	28,971	23,297	5,674
19,341	19,389	48	(3,471)	2,275	5,746
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
19,341	19,389	48	(3,471)	2,275	5,746
41,972	41,972	0	51,961	51,961	0
0	0	0	0	0	0
\$61,313	\$61,361	\$48	\$48,490	\$54,236	\$5,746

(continued)

Belmont-Harrison Vocational School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types and Similar Trust Fund (Continued)  
 For the Fiscal Year Ended June 30, 2001

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Local Taxes	\$1,476,371	\$1,476,371	\$0
Intergovernmental	3,677,510	3,695,375	17,865
Interest	132,135	137,152	5,017
Tuition and Fees	9,946	9,952	6
Extracurricular Activities	9,535	9,535	0
Gifts and Donations	23,000	22,790	(210)
Customer Services	12,085	12,028	(57)
Miscellaneous	15,438	15,202	(236)
<b>Total Revenues</b>	<b>5,356,020</b>	<b>5,378,405</b>	<b>22,385</b>
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	428,217	409,767	18,450
Special	39,666	38,454	1,212
Vocational	3,286,068	3,125,474	160,594
<u>Support Services:</u>			
Pupils	733,188	666,601	66,587
Instructional Staff	85,107	82,347	2,760
Board of Education	23,825	18,951	4,874
Administration	507,612	483,918	23,694
Fiscal	219,292	203,935	15,357
Operation and Maintenance of Plant	802,215	728,088	74,127
Central	11,000	11,000	0
Operation of Non-Instructional Services	11,800	9,962	1,838
Extracurricular Activities	2,501	2,442	59
<b>Total Expenditures</b>	<b>6,150,491</b>	<b>5,780,939</b>	<b>369,552</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(794,471)</b>	<b>(402,534)</b>	<b>391,937</b>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	1,750	1,750	0
Operating Transfers In	1,914	0	(1,914)
Operating Transfers Out	(3,370)	0	3,370
Advances In	163,671	163,671	0
Advances Out	(203,671)	(203,671)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(39,706)</b>	<b>(38,250)</b>	<b>1,456</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(834,177)</b>	<b>(440,784)</b>	<b>393,393</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,961,095</b>	<b>1,961,095</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>375,415</b>	<b>375,415</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$1,502,333</b>	<b>\$1,895,726</b>	<b>\$393,393</b>

See accompanying notes to the general purpose financial statements.



Belmont-Harrison Vocational School District, Ohio  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$76,951	\$0	\$76,951
Charges for Services	0	355,162	355,162
Other Operating Revenue	0	5,307	5,307
<b>Total Revenues</b>	<b>76,951</b>	<b>360,469</b>	<b>437,420</b>
<u>Operating Expenses:</u>			
Salaries and Wages	49,559	0	49,559
Fringe Benefits	11,899	0	11,899
Purchased Services	6,119	20,800	26,919
Materials and Supplies	8,937	0	8,937
Other	1,494	0	1,494
Cost of Sales	57,278	0	57,278
Depreciation	2,149	0	2,149
Claims	0	510,988	510,988
<b>Total Operating Expenses</b>	<b>137,435</b>	<b>531,788</b>	<b>669,223</b>
<b>Operating Loss</b>	<b>(60,484)</b>	<b>(171,319)</b>	<b>(231,803)</b>
<u>Non-Operating Revenues/Expenses :</u>			
Federal Donated Commodities	9,638	0	9,638
Interest	0	5,072	5,072
Operating Grants	39,216	0	39,216
Loss on Sale of Fixed Asset	(940)	0	(940)
<b>Total Non-Operating Revenues/Expenses</b>	<b>47,914</b>	<b>5,072</b>	<b>52,986</b>
<b>Net Loss</b>	<b>(12,570)</b>	<b>(166,247)</b>	<b>(178,817)</b>
Retained Earnings (Deficit) at Beginning of Year	(53,176)	97,858	44,682
Retained Earnings (Deficit) at End of Year	(65,746)	(68,389)	(134,135)
Contributed Capital at Beginning and End of Year	149,719	0	149,719
<b>Total Fund Equity (Deficit) at End of Year</b>	<b>\$83,973</b>	<b>(\$68,389)</b>	<b>\$15,584</b>

See accompanying notes to the general purpose financial statements

Belmont-Harrison Vocational School District, Ohio  
 Combined Statement of Revenues, Expenses and Changes in  
 Fund Equity - Budget and Actual (Budget Basis)  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$76,837	\$76,951	\$114
Charges for Services	0	0	0
Other	0	0	0
Interest	0	0	0
Operating Grants	39,216	39,216	0
Total Revenues	116,053	116,167	114
<u>Expenses:</u>			
Salaries	53,580	49,506	4,074
Fringe Benefits	12,875	11,965	910
Purchased Services	7,944	6,712	1,232
Materials and Supplies	68,103	62,296	5,807
Other	1,759	1,759	0
Total Expenses	144,261	132,238	12,023
Excess of Revenues Under Expenses	(28,208)	(16,071)	12,137
Advances In	0	0	0
Operating Transfers In	4,000	0	(4,000)
Excess of Revenues Advances and Transfers Under Expenses	(24,208)	(16,071)	8,137
Fund Equity at Beginning of Year	26,975	26,975	0
Prior Year Encumbrances Appropriated	3,668	3,668	0
Fund Equity at End of Year	\$6,435	\$14,572	\$8,137

See accompanying notes to the general purpose financial statements

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$76,837	\$76,951	\$114
339,018	355,162	16,144	339,018	355,162	16,144
5,299	5,307	8	5,299	5,307	8
5,220	5,072	(148)	5,220	5,072	(148)
0	0	0	39,216	39,216	0
349,537	365,541	16,004	465,590	481,708	16,118
0	0	0	53,580	49,506	4,074
502,675	489,008	13,667	515,550	500,973	14,577
19,963	20,800	(837)	27,907	27,512	395
0	0	0	68,103	62,296	5,807
0	0	0	1,759	1,759	0
522,638	509,808	12,830	666,899	642,046	24,853
(173,101)	(144,267)	28,834	(201,309)	(160,338)	40,971
40,000	40,000	0	40,000	40,000	0
0	0	0	4,000	0	(4,000)
(133,101)	(104,267)	28,834	(157,309)	(120,338)	36,971
146,044	146,044	0	173,019	173,019	0
0	0	0	3,668	3,668	0
\$12,943	\$41,777	\$28,834	\$19,378	\$56,349	\$36,971

Belmont-Harrison Vocational School District, Ohio  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Sales	\$70,572	\$0	\$70,572
Cash Received from Fees	6,379	0	6,379
Cash Received from Quasi-External Transactions with Other Funds	0	355,162	355,162
Cash Received from Other Revenues	0	5,307	5,307
Cash Payments to Suppliers for Goods and Services	(67,915)	(20,800)	(88,715)
Cash Payments for Employee Services	(49,506)	0	(49,506)
Cash Payments for Employee Benefits	(11,965)	0	(11,965)
Cash Payments for Other Expenses	(1,759)	0	(1,759)
Cash Payments for Claims	0	(489,008)	(489,008)
Net Cash Used for Operating Activities	<u>(54,194)</u>	<u>(149,339)</u>	<u>(203,533)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	39,216	0	39,216
Advance In	0	40,000	40,000
Net Cash Provided by Noncapital Financing Activities	<u>39,216</u>	<u>40,000</u>	<u>79,216</u>
<u>Cash Flows from Investing Activities:</u>			
Interest	0	5,072	0
Net Decrease in Cash and Cash Equivalents	(14,978)	(104,267)	(119,245)
Cash and Cash Equivalents at Beginning of Year	<u>30,643</u>	<u>146,044</u>	<u>176,687</u>
Cash and Cash Equivalents at End of Year	<u>\$15,665</u>	<u>\$41,777</u>	<u>\$57,442</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>			
Operating Loss	<u>(\$60,484)</u>	<u>(\$171,319)</u>	<u>(\$231,803)</u>
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>			
Depreciation Expense	2,149	0	2,149
Donated Commodities Used During Year	9,638	0	9,638
<u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	504	0	504
Increase in Prepays	(266)	0	(266)
Increase in Inventory Held for Resale	(101)	0	(101)
Increase in Materials and Supply Inventory	(83)	0	(83)
Increase in Intergovernmental Receivable	(4,970)	0	(4,970)
Increase in Accrued Wages Payable	53	0	53
Increase in Compensated Absences Payable	564	0	564
Decrease in Intergovernmental Payable	(629)	0	(629)
Increase in Claims Payable	0	21,980	21,980
Decrease in Deferred Revenue	(569)	0	(569)
Total Adjustments	<u>6,290</u>	<u>21,980</u>	<u>28,270</u>
Net Cash Used for Operating Activities	<u>(\$54,194)</u>	<u>(\$149,339)</u>	<u>(\$203,533)</u>

See accompanying notes to the general purpose financial statements

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was formed in 1967 and was opened for instruction in 1971. It is staffed by 23 classified employees and 67 certificated employees to provide services to Belmont, Harrison, Jefferson, Carroll, and Tuscarawas County juniors and seniors. For fiscal year 2001, the average daily membership was 533.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**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).

*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.

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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*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.

All 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.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received with sixty day of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**C. Budgetary Process**

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

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

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.



Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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*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 2001.

*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 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.

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

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

*Encumbrances:*

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

*Lapsing of Appropriations:*

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

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**D. Cash and Cash Equivalents 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. The School District has a segregated bank account for monies held separate from the School District's central bank account. This account is maintained by the District's self-insurance third party administrator and is presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since they are not required to be deposited into the School District treasury. During fiscal year 2001, the investments were limited to certificates of deposit, which are reported at cost, and STAROhio.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio 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, 2001.

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 2001 amounted to \$148,195, which includes \$13,562 assigned from other funds and \$2,792 was credited to the Muller Scholarship fund and \$5,072 to the self-insurance fund.

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 not purchased from the pool 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 amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

**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, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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reflecting the expenditure/expense in the year in which services are consumed.

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their appraised values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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

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

**I. 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.

**J. 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.

**K. 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,

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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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.

**L. 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.

**M. 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.

**N. 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 Bureau of Workers Compensation money set-aside to protect against cyclical changes in revenues and expenditures.

**O. 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 2001.

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.

**P. 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

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE**

*Changes in Accounting Principles* For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues." The implementation of GASB Statements 33 and 36 had the following effect on fund balance at June 30, 2000.

	Special Revenue
Fund Balance at June 30, 2000	\$30,933
Implementation of GASB 33	(51,244)
Adjusted Fund Balance at June 30, 2000	(\$20,311)

The special revenue funds excess of revenues and other financing sources over/(under) expenditures and other financing uses decreased in the amount of \$51,244, from \$19,935 to (\$31,309).

**NOTE 4 - ACCOUNTABILITY**

**Fund Deficits:**

At June 30, 2001, the following funds had deficit fund balances:

	<u>Deficit Fund Balance/Retained Earnings</u>
<b>Special Revenue Fund:</b>	
Vocational Education Planning Districts	\$8,975
<b>Internal Service Fund:</b>	
Self Insurance	\$41,873

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 - 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:

Belmont-Harrison Vocational School District  
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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).

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	(\$142,669)	\$27,016	\$17,051	\$4,387
Revenue Accruals	(13,504)	(5,876)	2,338	0
Expenditure Accruals	36,352	11,120	0	(2,112)
Prepaid Items	(2,367)	(524)	0	0
Materials and Supply Inventory	(4,725)	(227)	0	0
Advances	(39,181)	(819)	0	0
Encumbrances	(281,845)	(45,199)	0	0
Budget Basis	<u>(\$447,939)</u>	<u>(\$14,509)</u>	<u>\$19,389</u>	<u>\$2,275</u>

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Net Loss/Excess of Revenues and Other Financing Sources Under Expenses  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$12,570)	(\$166,247)
Loss on Sale of Fixed Asset	940	0
Expense Accruals	(5,047)	21,980
Prepaid Items	(266)	0
Materials and Supplies Inventory	(83)	0
Inventory Held For Resale	(101)	0
Advance	0	40,000
Depreciation Expense	2,149	0
Encumbrances	(1,093)	0
Budget Basis	(\$16,071)	(\$104,267)

**NOTE 6 - 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;

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market, mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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, 2001, the School District's internal service fund had a balance of \$41,777 with OME-RESA, a jointly governed organization (See Note 18). The money is held by the claims service in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

*Deposits:* At fiscal year end, the carrying amount of the District's deposits was \$1,121,938 and the bank balance was \$1,364,362. Of the bank balance, \$390,000 was covered by federal depository insurance and \$974,362 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



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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.

	Fair Value
STAROhio	\$1,140,038

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

A reconciliation between the classifications of 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	\$2,261,976	\$0
Investments:		
STAROhio	(1,140,038)	1,140,038
GASB Statement 3	\$1,121,938	\$1,140,038

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001 on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2001 on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$608,222,380	75.00%	\$792,377,370	78.00%
Public Utility Personal	133,443,510	15.00	135,466,100	13.00
Tangible Personal Property	88,809,510	10.00	92,094,690	9.00
	\$902,475,400	100.00%	\$1,019,938,160	100.00%

Tax Rate per \$1,000 of assessed valuation	\$1.95	\$1.45
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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 alternate 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 County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at June 30, 2001, was \$100,066 available to the general fund and is recognized as revenue.

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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2001, 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	\$13,757
Career Development Planning District	5,875
Total Special Revenue Funds	19,632
Enterprise Fund:	
Food Service	\$4,970
Total Enterprise Fund	\$4,970
Total Intergovernmental Receivables	\$24,602

**NOTE 9 - FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$165,088
Less Accumulated Depreciation	(87,155)
Net Fixed Assets	\$77,933

A summary of the changes in general fixed assets during fiscal year 2001 follows:

<u>Asset Category</u>	<u>Balance at 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/01</u>
Land and Improvements	\$109,628	\$0	\$0	\$109,628
Buildings and Improvements	3,787,489	0	0	3,787,489
Furniture, Fixtures and Equipment	2,101,127	608,722	(219,541)	2,490,308
Vehicles	84,069	0	0	84,069
Totals	\$6,082,313	\$608,722	\$219,541	\$6,471,494

There was no significant construction in progress at June 30, 2001.

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**NOTE 10 - 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 2001, 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 2001, the School District participated in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the Equity Pooling Fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the 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 \$43,650 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 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
2000	\$36,597	\$232,423	\$220,834	\$48,186
2001	\$48,186	\$510,988	\$489,008	\$70,166

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

Belmont-Harrison Joint 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 per 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 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$19,086, \$24,086 and \$31,547 respectively; 99.5 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$93 representing the unpaid contribution for fiscal year 2001, 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 Joint Vocational School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic 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, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$243,676, \$99,333 and \$132,993, respectively; 85.84 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$34,501 represents the unpaid contribution for fiscal year 2001, 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, 2001, five members of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Belmont-Harrison Vocational School District  
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**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost 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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$115,426 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$48,779.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

**NOTE 13 - 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

Belmont-Harrison Vocational School District  
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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.

**B. Insurance Benefits**

Employees have the option of choosing The Health Plan 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. 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 14 - 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 2001 totaled \$1,642.

Future minimum lease payments through 2002 are as follows:

<u>Year</u>	<u>General Long-Term Obligations</u>
2002	\$677
Less: Amount Representing Interest	(21)
Present Value of Net Minimum Lease Payments	<u><u>\$656</u></u>

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**NOTE 15 - LONG-TERM OBLIGATIONS**

Changes in the School District's general long-term obligations during fiscal year 2001 consist of the following:

	Outstanding 6/30/00	Additions	Reductions	Outstanding 6/30/01
Compensated Absences	\$784,788	\$181,072	\$155,785	\$810,075
Pension Obligation	1,597	2,236	1,597	2,236
Capital Lease	2,298	0	1,642	656
<b>Total</b>	<b>\$788,683</b>	<b>\$183,308</b>	<b>\$159,024</b>	<b>\$812,967</b>

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 16 - INTERFUND ACTIVITY**

As of June 30, 2001 receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$90,426	\$0
Special Revenue Funds:		
Vocational Education Planning Districts Grant	0	43,526
Career Development	0	6,900
<b>Total Special Revenue Funds</b>	<b>0</b>	<b>50,426</b>
Internal Service Fund:		
Self Insurance	0	40,000
<b>Total All Funds</b>	<b>\$90,426</b>	<b>\$90,426</b>



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**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of the food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Belmont-Harrison Vocational School District as of and for the fiscal year ended June 30, 2001:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$70,572	\$6,379	\$76,951
Depreciation Expense	2,149	0	2,149
Operating Loss	(58,958)	(1,526)	(60,484)
Donated Commodities	9,638	0	9,638
Operating Grants	39,216	0	39,216
Loss on Sale of Fixed Asset	(940)	0	(940)
Net Loss	(11,044)	(1,526)	(12,570)
Net Working Capital	(388)	6,378	5,990
Total Assets	94,970	8,932	103,902
Total Equity	77,595	6,378	83,973
Encumbrances Outstanding at June 30, 2001	\$1,093	\$0	\$1,093

**NOTE 18 - JOINTLY GOVERNED ORGANIZATION**

*Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)* was created as a regional council of governments pursuant to State statutes. OME-RESA is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. OME-RESA has 12 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, 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 19 - INSURANCE PURCHASING POOL**

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

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**NOTE 20 - STATE SCHOOL FUNDING DECISION**

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 12, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources 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. Effective April 10, 2001, Amended Substitute Senate Bill 345, the requirement for a school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers Compensation monies remaining in the budget reserve set-aside. The Board enacted a resolution to transfer all monies but the workers compensation refunds to the general fund.

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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.

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2000	(\$135,575)	\$0	\$90,073
Current year set-aside requirement	99,416	99,416	0
Reduction in Budget Stabilization based on Statutory Revision	0	0	(67,256)
Offsets	0	(17,986)	0
Qualifying Disbursements	(789,648)	(116,979)	0
Totals	<u>(\$825,807)</u>	<u>(\$35,549)</u>	<u>\$22,817</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$825,807)</u>	<u>\$0</u>	<u>\$22,817</u>
Set-aside Reserve Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$22,817</u>

The School District has qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$22,817.

**NOTE 22 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**B. Litigation**

The School District is not party to any legal proceedings.

Belmont-Harrison Vocational School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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

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

<b>FEDERAL GRANTOR Pass-Through Grantor Program Title</b>	<b>CFDA #</b>	<b>Pass-Through Agency Awarding Number</b>	<b>Receipts</b>	<b>Noncash Receipts</b>	<b>Expenditures</b>	<b>Noncash Expenditures</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
Nutrition Cluster: Passed-Through Ohio Department of Education:						
Food Distribution Program	10.550	050856-00	\$0	\$4,603	\$0	\$4,668
School Breakfast Program	10.553	050856-05-PU-01	7,319		7,319	
National School Lunch Program	10.555	050856-LL-P4-01	28,753		28,753	
Total United States Department of Agriculture - Nutrition Cluster			36,072	4,603	36,072	4,668
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
Passed-Through Ohio Department of Education:						
Vocational Education - Basic Grants to States	84.048	050856-20-C1-00	29,368		10,311	
Vocational Education - Basic Grants to States	84.048	050856-20-C1-01	265,354		251,045	
Total Vocational Education-Basic Grants to States			294,722		261,356	
Eisenhower Professional Development Grant	84.281	050856-MS-S1-01	1,284		1,284	
Total Eisenhower Professional Development Grant			1,284		1,284	
Innovative Education Program Strategies (Title VI of ESEA)	84.298	050856-C2-S1-00			2,264	
		050856-C2-S1-01	2,677		2,677	
Total Innovative Education Program Strategies			2,677		4,941	
Total United States Department of Education			298,683		267,581	
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$334,755</b>	<b>\$4,603</b>	<b>\$303,653</b>	<b>\$4,668</b>

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, 2001**

**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 United States Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, 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 accompanying general purpose financial statements of Belmont-Harrison Vocational School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 12, 2001, wherein we noted the School District adopted Governmental Accounting Standards Nos. 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose 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 general purpose 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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.

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, management, 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

December 12, 2001





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**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, 2001. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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, 2001.

**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, 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

December 12, 2001

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**1. SUMMARY OF AUDITORS' RESULTS**

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

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

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

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings for federal awards.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
JANUARY 22, 2002**