



**Auditor of State  
Betty Montgomery**



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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Ohio Hi-Point Joint Vocational School District, Logan County, (the "District"), as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position Ohio Hi-Point Joint Vocational School District, Logan County, as of June 30, 2003, and the results of its operations and the cash flows of its Proprietary Fund Type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

February 9, 2004

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OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
LOGAN COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,835,027	\$111,806	\$303,999	\$721,384
Investments	1,244,666			
<b>Receivables:</b>				
Property Taxes	4,361,266			
Accounts	1,536	104,101		
Intergovernmental		165,242		
Interfund	314,404			
Accrued Interest	4,752			
Materials and Supplies Inventory	26,952			
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	18,407			
Fixed Assets (net, where applicable, of accumulated depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Governmental Resources				
<b>Total Assets and Other Debits</b>	<u>11,807,010</u>	<u>381,149</u>	<u>303,999</u>	<u>721,384</u>
<b>Liabilities, Fund Equity, and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	45,802	2,509		
Accrued Wages and Benefits	351,323	121,944		
Intergovernmental Payable		14,740		
Compensated Absences Payable	36,144	6,270		
Interfund Payable		205,202		
Deferred Revenue	4,024,238	144,109		
Due to Students				
Loan Payable				
<b>Total Liabilities</b>	<u>4,457,507</u>	<u>494,774</u>		
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings				
Fund Balance:				
Reserved for Property Taxes	337,028			
Reserved for Set-Asides	18,407			
Reserved for Inventory	26,952			
Reserved for Encumbrances	249,007	22,256		31,475
Designated for Capital Improvements				689,909
Unreserved	6,718,109	(135,881)	303,999	
<b>Total Fund Equity and Other Credits</b>	<u>7,349,503</u>	<u>(113,625)</u>	<u>303,999</u>	<u>721,384</u>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<u>\$11,807,010</u>	<u>\$381,149</u>	<u>\$303,999</u>	<u>\$721,384</u>

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

Proprietary Fund Type	Fiduciary Fund	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$39,631	\$12,130			\$7,023,977
				1,244,666
				4,361,266
				105,637
				165,242
				314,404
				4,752
1,704				28,656
				18,407
50,786		13,413,044		13,463,830
			303,999	303,999
			331,147	331,147
<u>92,121</u>	<u>12,130</u>	<u>13,413,044</u>	<u>635,146</u>	<u>27,365,983</u>
82				48,393
31,386			2,397	507,050
108,202	1,000			314,404
				14,740
			328,750	371,164
				4,168,347
	7,950			7,950
			303,999	303,999
<u>139,670</u>	<u>8,950</u>		<u>635,146</u>	<u>5,736,047</u>
		13,413,044		13,413,044
(47,549)				(47,549)
				337,028
				18,407
				26,952
	3,026			305,764
				689,909
	154			6,886,381
<u>(47,549)</u>	<u>3,180</u>	<u>13,413,044</u>		<u>21,629,936</u>
<u>\$92,121</u>	<u>\$12,130</u>	<u>\$13,413,044</u>	<u>\$635,146</u>	<u>\$27,365,983</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Revenues:</b>						
Property & Other Local Taxes	\$4,507,386					\$4,507,386
Intergovernmental	2,828,624	1,085,208				3,913,832
Tuition and Fees	1,612	706,332				707,944
Interest	144,612					144,612
Miscellaneous	197,472	580			1,747	199,799
<b>Total Revenues</b>	<u>7,679,706</u>	<u>1,792,120</u>			<u>1,747</u>	<u>9,473,573</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	635,620	294				635,914
Special	193,568					193,568
Vocational	2,032,115	270,967				2,303,082
Adult Continuing Education	698	1,062,182				1,062,880
Support services:						
Pupils	454,506	154,933				609,439
Instructional Staff	547,692	313,865				861,557
Board of Education	26,394					26,394
Administration	344,320	159,605				503,925
Fiscal	320,977					320,977
Business	210,057	11,546				221,603
Operation and Maintenance of Plant	1,089,321			6		1,089,327
Pupil Transportation	72,707					72,707
Central	294,181	102,721				396,902
Non-instructional Services					3,700	3,700
Capital Outlay				172,058		172,058
Debt Service:						
Principal Retirement			50,667			50,667
<b>Total Expenditures</b>	<u>6,222,156</u>	<u>2,076,113</u>	<u>50,667</u>	<u>172,064</u>	<u>3,700</u>	<u>8,524,700</u>
<b>Total Revenues Over (Under) Expenditures</b>	1,457,550	(283,993)	(50,667)	(172,064)	(1,953)	948,873
<b>Other Financing Sources</b>						
Operating Transfers In		195,000				195,000
Operating Transfers Out	(195,000)					(195,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(195,000)</u>	<u>195,000</u>				
<b>Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	1,262,550	(88,993)	(50,667)	(172,064)	(1,953)	948,873
<b>Fund Balances at Beginning of Year</b>	6,081,507	(24,632)	354,666	893,448	4,668	7,309,657
<b>Change - Reserve for Inventory</b>	5,446					5,446
<b>Fund Balances at End of Year</b>	<u>\$7,349,503</u>	<u>(\$113,625)</u>	<u>\$303,999</u>	<u>\$721,384</u>	<u>\$2,715</u>	<u>\$8,263,976</u>

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

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003**

	Governmental Fund Types					
	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	
<b>Revenues:</b>						
Property & Other Local Taxes	\$4,664,304	\$4,664,304				
Intergovernmental	2,828,624	2,828,624		1,373,746	1,373,746	
Interest	153,454	153,454				
Tuition and Fees	998	998		668,208	668,208	
Extracurricular						
Miscellaneous	217,546	217,546		320	320	
<b>Total Revenues</b>	<b>7,864,926</b>	<b>7,864,926</b>		<b>2,042,274</b>	<b>2,042,274</b>	
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	781,962	648,206	133,756	1,797	294	1,503
Special	285,234	197,686	87,548			
Vocational	2,359,271	2,252,001	107,270	290,304	272,619	17,685
Other	10,000	3,525	6,475	1,096,124	1,095,313	811
Support services:						
Pupils	561,980	466,218	95,762	159,352	159,352	
Instructional Staff	631,053	544,634	86,419	299,472	266,780	32,692
Board of Education	56,592	38,214	18,378			
Administration	367,611	352,736	14,875	158,982	157,097	1,885
Fiscal	347,832	339,526	8,306			
Business	273,742	216,097	57,645	11,547	11,546	1
Operation and Maintenance of Plant	1,145,822	1,131,220	14,602			
Pupil Transportation	98,243	96,288	1,955			
Central	380,350	303,730	76,620	107,651	107,651	
Noninstructional Services						
Extracurricular activities						
Capital Outlay	5,000	1,497	3,503			
Debt Service:						
Principal Retirement						
<b>Total Expenditures</b>	<b>7,304,692</b>	<b>6,591,578</b>	<b>713,114</b>	<b>2,125,229</b>	<b>2,070,652</b>	<b>54,577</b>
Excess of Revenues Over (Under) Expenditures	560,234	1,273,348	713,114	(82,955)	(28,378)	54,577
<b>Other Financing Sources and Uses</b>						
Operating Transfer In				195,000	195,000	
Operating Transfer Out	(250,000)	(195,000)	55,000			
Advances In	1,076,394	1,076,394		655,757	655,459	(298)
Advances Out	(1,000,000)	(835,359)	164,641		(892,696)	(892,696)
<b>Total Other Financing Sources (Uses)</b>	<b>(173,606)</b>	<b>46,035</b>	<b>219,641</b>	<b>850,757</b>	<b>(42,237)</b>	<b>(892,994)</b>
Excess of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	386,628	1,319,383	932,755	767,802	(70,615)	(838,417)
Fund Balances at Beginning of Year						
Including Prior Year Encumbrances Appropriated	5,529,710	5,529,710		160,165	160,165	
<b>Fund Balance at end of Year</b>	<b>\$5,916,338</b>	<b>\$6,849,093</b>	<b>\$932,755</b>	<b>\$927,967</b>	<b>\$89,550</b>	<b>(\$838,417)</b>

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

**Governmental Fund Types**

Debt Service			Capital Projects		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)

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

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$224,747
Miscellaneous	59,213
	283,960
<b>Operating Expenses</b>	
Salaries	105,036
Fringe Benefits	30,497
Purchased Services	446
Materials and Supplies	198,281
Depreciation	11,196
	345,456
Total Operating Expenses	345,456
Operating(Loss)	(61,496)
<b>Non-Operating Revenues</b>	
Capital Contributions	2,995
Interest Revenue	372
Operating Grants	34,947
Federal Donated Commodities	3,181
	41,495
Total Non-Operating Revenues	41,495
Net Loss	(20,001)
Retained Earnings at Beginning of Year	(27,548)
Retained Earnings at End of Year (accumulated deficit)	(\$47,549)

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

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

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Increase(Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Charges for Services	\$224,747
Cash Payments for Salaries	(123,712)
Cash Payments for Contract Services	(446)
Cash Payments for Supplies and Materials	(195,508)
Cash Received from Miscellaneous Sources	59,213
Net Cash Provided (Used) by Operating Activities	(35,706)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash Received from Operating Grants	34,947
Cash Received from Interest	372
Cash Received from Advances In	139,102
Cash Payments for Advances Out	(141,900)
Net Cash Provided by Noncapital Financing Activities	32,521
Net (Decrease) in Cash and Cash Equivalents	(3,185)
Cash and Cash Equivalents at Beginning of Year	42,816
<b>Cash and Cash Equivalents at End of Year</b>	<b>39,631</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating(Loss)	(61,496)
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:</b>	
Depreciation	11,196
Donated Commodities Used During the Year	3,181
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(490)
Increase in Accounts Payable	82
Increase in Accrued Wages and Benefits	15,203
Decrease in Compensated Absences Payable	(3,382)
Total Adjustments	25,790
<b>Net Cash (Used) by Operating Activities</b>	<b>(\$35,706)</b>

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Ohio Hi-Point Joint Vocational School District (the "District") is a district of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The District exposes students to job training leading to employment upon graduation from high school. The District includes fourteen member schools throughout Logan, Hardin, Champaign, Union and Auglaize counties.

The District was established on January 27, 1970. It is staffed by approximately 40 non-certified employees and approximately 75 certified full-time teaching personnel who provide services to approximately 461 high school students and approximately 2,563 adult students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

For financial reporting purposes, the District's financial statements include all funds and account groups of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. Under these criteria, only the primary government is included in the financial statements. The District also considered potential component units for inclusion in the financial statements. For the District, this includes general operations, food service, and student related activities of the District. Generally, component units are legally separate organizations for which the appointed officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

The District appointed a voting majority of the organization's governing body; and (a) was able to impose its will on that organization; or (b) there was a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District; or

1. The organization was fiscally dependent upon the District; or
2. The nature of the relationship between the District and the organization was such that the exclusion from the financial reporting entity would render the financial statements misleading.

The District included no component units in the accompanying financial statements.

The District is associated with one jointly-governed organization and two insurance purchasing pools. These organizations include the Western Ohio Computer Organization, the Logan County Schools Benefit Plan Association, and the Ohio School Board Association Workers' Compensation Group Rating Plan.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

**B. Basis of Presentation - Fund Accounting**

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Account groups are a reporting device to account for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

**1. Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except for those accounted for in the Proprietary Fund type and the Fiduciary Fund type) are accounted for through Governmental Funds. The following are the District's Governmental Funds:

**General Fund**

Is the general operating fund of the District and it is used to account for all financial resources except those required by law to be accounted for in another fund.

**Special Revenue Funds**

Are used to account for the proceeds of specific revenue sources (other than major Capital Projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds**

Are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs; and for the payment of interest on general obligation notes payable, as required by Ohio Law.

**Capital Projects Funds**

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).

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

**2. Proprietary Fund Types:**

Proprietary Funds are used to account for the District's ongoing activities, which are similar to those most often found in the private sector. The following is the District's Proprietary Fund:

**Enterprise Funds**

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

**3. Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for 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.

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of 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 District, other than those accounted for in the Proprietary Fund.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Fund.

**C. Measurement Focus 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 expendable trust funds 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

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. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the enterprise funds.

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

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there was an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis, expenses are recognized at the time they are incurred. 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

**D. Budgetary Data**

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 fund, function level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

- 1) Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed 5-year forecast. The forecast 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 forecast is filed with the Logan County Budget Commission for rate determination.
- 2) Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as 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 District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003 in effect at the time final appropriations were adopted by the Board.
- 3) By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
- 4) Any revisions that alter the total of any fund appropriation or alter the total function appropriations within a fund must be approved by the Board of Education.
- 5) Formal Budgetary integration is employed as a management control device during the year for all funds, other than Agency Funds, consistent with statutory provisions.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

- 6) Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board.
- 7) Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**E. Encumbrances**

Encumbrance accounting is utilized by District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund types, encumbrances outstanding at fiscal year end appear on the combined balance sheet as a reserve of the fund balance on a GAAP Basis and for all funds as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance.

**F. Lapsing of Appropriations**

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

**G. Cash and Investments**

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

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the current fiscal year. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold at year-end.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the current fiscal year 2003 amounted to \$144,612. This amount included \$31,060 assigned from other school district funds.

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

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

For purposes of the combined statement of cash flows and for the presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they were purchased by the District are considered to be cash equivalents.

**H. Inventory (Materials and Supplies)**

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 are recorded as expenditures in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**I. Fixed Assets and Depreciation**

1. General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market value as of the date donated. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure. The District follows the policy of not capitalizing assets with a cost less than \$500 and a useful life of one year.
2. Equipment reflected in the Proprietary Funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

Building	30-50 years
Equipment	05-20 years
Building Improvements	10-40 years

**H. Intergovernmental Revenues**

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned.

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

**Entitlements**

**General Fund**

- State Foundation Program
- State Property Tax Relief

**Special Revenue Funds**

- Educational Management Information System

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

**Non-Reimbursable Grants**

**Special Revenue Funds**

- Adult Basic Literacy Education
- Adult Basic Education
- Dwight Eisenhower Professional Development Program Title II
- Vocational Education – Technical Preparation
- Tech Prep
- School Net Professional Development
- School Net One Net
- School Net
- Title VI Innovative Education

**Intergovernmental Revenues:**

- Safe School Helpline

**Agency Funds**

- Federal Pell Grant
- Guaranteed Student Loan Program

**Reimbursable Grants**

**General Fund**

- Telecommunication Subsidy Payment

**Special Revenue Funds**

- Adult Vocational Education
- Post-Secondary Vocational Education – Full Service Center
- Vocational Education – Carl D. Perkins Title 11

**Enterprise Funds**

- Federal School Lunch Program
- Special Breakfast Program
- Government Donated Commodities

Grants and entitlements amounted to approximately forty-three percent (43%) of all the District's revenue during the 2003 fiscal year.

**I. Compensated Absences**

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective Proprietary Fund.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

**J. Long-Term Obligations**

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group.

Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

**K. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. On the GAAP basis, short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no advances to/from other funds at June 30, 2003.

**L. Fund Equity**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, inventory, and set-asides. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within specific purpose of those funds.

Designated fund balances represent that portion of fund equity which has been restricted by the District's Board. The Capital Projects Fund Balance has been designated for specific permanent improvements as allowed by Ohio Rev. Code Section 5705.13(C).

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a capital maintenance reserve and a textbook reserve. A fund balance reserve has also been established in the amount of \$18,407 for the current fiscal year. See Note 17 for activity in these reserve accounts.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

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

**N. Estimates**

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

**O. Memorandum Only – Total Columns**

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

**P. Proprietary Fund Accounting**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the District applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**Q. Employee Benefits**

**1. Compensated Absences**

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

Teachers, administrators, and classified employees can earn sick leave at the rate of one and one-fourth days per month. Employees are allowed to accumulate sick leave to a maximum of 200 days. Upon retirement, payment is made for 27.5% of accrued of the total sick leave accumulation, with a maximum accumulation of 200 days.

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

The District has elected to provide employee medical/surgical through the Logan County Health Insurance Consortium with Anthem Blue Cross/Blue Shield. The employees share the cost of the monthly premium with the Board. The premium varies with employees depending on board policy. District employees also contribute to a flexible Health Benefit Spending Account for each employee, for medical: expenses and dependent care not covered by other health insurance.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2003, the Enterprise Fund Type had a retained earnings deficit of \$47,549. The Special Revenue Fund Type had a deficit fund balance of \$98,885. In both instances, the deficits were created by the implementation of GAAP. The General Fund provides transfers to cover deficit balances; however, this done when cash is needed rather than when accruals occur.

The deficits did not exist on the cash basis of accounting in accordance with Ohio Law, and will be funded by anticipated future revenues not recognized and recorded at June 30.

**B. Compliance**

Interest was not posted to the food service fund during fiscal year 2003 which violated the requirements of 7 CFR 210.14 (a).

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments". State Statute requires the classification of monies held by the District into three categories:

**Active Monies** -Those monies that are required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Inactive Monies** -Those monies not required for use within the current five-year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Interim Monies** -Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

State legislation permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and,
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time

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

At year-end the District had \$300 in undeposited cash on hand, which is included on the balance sheet of the District as part of "Equity in Pooled Cash and Investments."

At year-end the carrying amount of the District's deposits was \$4,315,758. The bank balance for deposits was \$4,456,361 and of the bank balance, \$400,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the District's name to a successful claim by the FDIC.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

CATEGORY 1 includes investments that are issued, registered, or held by the District or its agent in the District's name.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

CATEGORY 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the District's name.

CATEGORY 3 includes uninsured and unregistered investments held by the counterparty, or by its department or agent, but not in the District's name.

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

<u>Risk Investments</u>	<u>Category</u>	<u>Carrying Value/ Fair Value</u>
U.S. Agency Notes	2	1,244,666
U.S. Money Market		10,856
Star Ohio	N/A	<u>2,715,470</u>
		<u>\$3,970,992</u>

The District's investment in the STAR Ohio and a money market are not categorized by risk because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
Combined Balance Sheet	\$8,287,050	
Cash on Hand	(300)	
Investments:		
U.S. Agencies	(1,244,666)	\$1,244,666
U.S. Money Market	(10,856)	10,856
STAR Ohio	<u>(2,715,470)</u>	<u>2,715,470</u>
GASB Statement No. 3	<u>\$4,315,758</u>	<u>\$3,970,992</u>

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**6. PROPERTY TAXES**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed values, by property classification, upon which taxes collected in 2003 were based, are as follows:

Agricultural/Residential	\$ 1,628,906,680
Industrial/Commerical/Public Utility Real	365,755,000
Public Utility/Tangible Personal Property	<u>570,503,054</u>
Total Assessed Property Value	<u>\$2,565,164,734</u>

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values from real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20. If paid semi-annually, the first payment (at least one-half of amount billed) was due January 20, with the remainder due on June 20.

The County Auditor remits portions of the taxes collected with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property taxes in June and October to all taxing districts.

The District receives property taxes from the Counties in their District. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003 are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property tax receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of the current year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003, was \$337,028 and was recognized as revenue. The amount, which was available for advance at June 30, 2002, was \$493,946.

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**7. FIXED ASSETS**

A summary of the General Fixed Assets Account Group at year-end follows:

Asset Category	<u>Balance at 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/03</u>
Land	\$461,496			\$461,496
Buildings	8,089,561	\$175,990		8,265,551
Equipment	4,184,181	275,316		4,459,497
Vehicles	147,771	78,729		226,500
Total General Fixed Assets	<u>\$12,883,009</u>	<u>\$530,035</u>		<u>\$13,413,044</u>

A summary of the Proprietary Fund fixed assets at year-end follows:

Equipment	\$196,954
Less Accumulated Depreciation	<u>(146,168)</u>
Net Fixed Assets	<u>\$ 50,786</u>

**8. LONG-TERM DEBT**

During the year ended June 30, 2003, the following changes occurred in the General Long-Term Obligations Account Group:

	<u>Balance Beginning Of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
Loan Payable	\$354,666		\$50,667	\$303,999
Compensated Absences	319,036	\$9,714		328,750
Accrued Wages and Benefits	1,540	857		2,397
Total	<u>\$675,242</u>	<u>\$ 10,571</u>	<u>\$50,667</u>	<u>\$635,146</u>

**Vocational Building Assistance Loan**

On January 31, 1994, the District received a loan for the purpose of constructing a building under the authority of House Bill 808. The loan is for a fifteen-year period, at 0% percent, with a final maturity during the fiscal year 2009. The loan is being retired from the debt service fund.

**Compensated Absences/Accrued Wages and Benefits**

Compensated Absences will be paid from the fund from which the employees' salaries are paid. Accrued wages and benefits represent the long term portion of the District's employee retirement obligation.

The following is a summary of the District's future annual debt service requirements to maturity for the loan:

<u>Fiscal Year Ending June 30</u>	<u>Principal Amount To be Redeemed</u>
2004	\$50,667
2005	50,667
2006	50,666
2007	50,666
2008-2009	<u>101,333</u>
Total	<u>\$303,999</u>

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**9. SEGMENT INFORMATION**

**Enterprise Funds** – The District maintains three Enterprise Funds to account for the operations of Food Service, Uniform School Supply and Customer Service. The table below reflects, in a summarized format, the more significant financial data relating to Enterprise Funds of the District as of and for the current year-end.

	<b>Food Service</b>	<b>Uniform School Supply</b>	<b>Customer Service Fund</b>	<b>Total</b>
Operating Revenues	\$166,411	\$58,336	\$59,213	\$283,960
Operating Expenses				
Before Depreciation	206,207	64,513	63,540	334,260
Depreciation	11,196			11,196
Operating Income (Loss)	(50,992)	(6,177)	(4,327)	(61,496)
Donated Commodities	3,181			3,181
Capital Contributions	2,995			2,995
Interest Revenue	372			372
Operating Grants	34,947			34,947
Net (Loss)	(9,497)	(6,177)	(4,327)	(20,001)
Net Working Capital	(72,670)	(35,456)	9,787	(98,339)
Total Assets	75,290	199	16,632	92,121
Total Liabilities	97,172	35,655	6,843	139,670
Total Equity	(21,882)	(35,456)	9,789	(47,549)

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$76,197, \$46,869 and \$33,780, respectively; 100 percent has been contributed for the years 2002 and 2001.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

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

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

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$493,498, \$344,441, and \$318,199, respectively; 100 percent has been contributed for the years 2002 and 2001.

**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, 2003, eleven of the Board of Education members have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2003, the Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$37,961.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,011 million at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000, and STRS had 105,300 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 fiscal years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the District, the amount to fund health care benefits, including the surcharge, was \$64,491 for fiscal year 2003.

The surcharge, added to the unallocated portion of the 14% 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% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777, and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**12. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**12. BUDGETARY BASIS OF ACCOUNTING (Continued)**

**Reconciliation of Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing  
Uses From GAAP Basis to Budgetary Basis:**

<b>Governmental Fund Types</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>
GAAP Basis	\$1,262,550	(\$88,993)	(\$50,667)	(\$172,064)
Net Adjustment for Revenue Accruals	185,428	250,414		
Net Adjustment for Expenditure Accruals	120,412	(209,780)		
Net Adjustment for Encumbrances	(249,007)	(22,256)		(31,475)
Budgetary Basis	<u>1,319,383</u>	<u>(70,615)</u>	<u>(50,667)</u>	<u>(203,539)</u>

**13. CONTINGENT LIABILITIES**

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. Management is unable to estimate possible claims resulting from such audits until the audits have been completed. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District.

**14. JOINTLY-GOVERNED ORGANIZATIONS**

**Western Ohio Computer Organization (WOCO)** – the District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami, and Champaign Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Financial information can be obtained from Sonny Ivey, who serves as Director, at 129 East Court Street, 4<sup>th</sup> Floor, Sidney, Ohio 45365.

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2003, the District contracted with the Ohio School Plan for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. Building and business personal property is protected by the Cincinnati Insurance Company and has a \$500 deductible. In the event of an earthquake, a \$5,000 deductible applies. The District insures electronic data processing equipment in the amount of \$500,000 and electronic data processing media in the amount of \$160,250 with extra expenses in the amount of \$150,000 for labor costs to get the system back online. The District's deductible for electronic data processing is \$250.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**14. JOINTLY-GOVERNED ORGANIZATIONS (Continued)**

The District's vehicles are covered under a business policy with the Cincinnati Insurance Company, which carries a \$500 deductible and a \$1,000,000 limit on any accident.

Settled claims have not exceeded this commercial coverage in any of the past four years.

**Ohio School Boards Association Workers' Compensation Group Rating Program** - The 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 Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of this agreement.

**Logan County Schools Benefit Plan Association** – The District participates in the Logan County Schools Benefit Plan Association (the Plan); a public entity shared risk pool consisting of three local school districts, one joint vocational school district and the Logan County Educational Service Center. The District pays monthly premiums to the Plan for employee medical benefits. The Plan is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**15. INTERFUND ACTIVITY**

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

Fund Type/Fund	Interfund Receivables	Interfund Payables
General	\$314,404	
Special Revenue Fund:		
Pass Through Grant		\$519
Career Development Grant		7,798
Full Service Center Grant		3,375
Ohio Skills Grant		50,000
Ohio Works First Grant		19,000
Tech Prep Grant		21,300
ABLE Grant		36,000
Carl Perkins Grant		62,444
CCIP Grant		4,766
Total Special Revenue		205,202
Enterprise Fund:		
Food Service		72,602
Uniform School Supply		35,600
Total Enterprise Fund		108,202
Agency Fund		1,000
Total All Funds	\$314,404	\$314,404

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2003  
(Continued)**

**15. INTERFUND ACTIVITY (Continued)**

Actual cash advances in and out on the financial statements do not balance due to the District not presenting Proprietary Fund Type or Expendable Trust Fund budget versus actual statements and that Agency Funds activity is not presented on a GAAP basis.

**16. LITIGATION**

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

**17. STATUTORY RESERVES**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and 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 purpose in future years.

The following information describes the changes in the year-end set-aside amounts for textbooks and for capital improvements.

	<b>Textbook Reserve</b>	<b>Capital Maintenance Reserve</b>	<b>Total</b>
Balance, 7/1/02	\$85,754	\$10,904	\$96,658
Required Set-Aside	63,242	63,242	126,484
Qualifying Expenditures	<u>(131,486)</u>	<u>(73,249)</u>	<u>(204,735)</u>
Balance, 6/30/03	<u>\$17,510</u>	<u>\$897</u>	<u>\$18,407</u>

**18. STATE SCHOOL FUNDING DECISION**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...."

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

OHIO HI-POINT JOINT VOCATIONAL SCHOOL  
LOGAN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550		\$3,181		\$3,181
School Breakfast Program	05-PU 02	10.553	772		772	
	05-PU 03	10.553	5,982		5,982	
Total School Breakfast Program			6,754		6,754	
National School Lunch Program	LL-P4 02	10.555	3,416		3,416	
	LL-P4 03	10.555	23,575		23,575	
Total National School Lunch Program			26,991		26,991	
Total U. S. Department of Agriculture - Nutrition Cluster			33,745	3,181	33,745	3,181
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Direct Program</i>						
Federal Pell Grant Program	N/A	84.063	132,828		133,728	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education State Grant Program	AB-S1 02	84.002	24,929		2,411	
	AB-S1 02 C	84.002	46,745		46,745	
	AB-S1 03	84.002	87,856		117,085	
Total Adult Education State Grant Program			159,530		166,241	
Vocational Education Basic Grants to States	20-A0 01	84.048	21,760			
	20-A0 02	84.048	3,772			
	20-C1 02	84.048	234,632		24,581	
	20-C1 03	84.048	272,340		315,980	
	20-C2 02	84.048	62,673		192	
	20-C2 03	84.048	81,498		52,876	
Total Vocational Education Basic Grants to States			676,675		393,629	
Safe and Drug-Free Schools and Communities State Grants	DR-S1 03	84.186	182			
Eisenhower Professional Development State Grants	MS-S1 02	84.281			282	
Innovative Education Program Strategies	C2-S1 03	84.298	437			
Improving Teacher Quality State Grants	TR-S1 03	84.367	428			
Total U. S. Department of Education			970,080		693,880	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$1,003,825</u>	<u>\$3,181</u>	<u>\$727,625</u>	<u>\$3,181</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the "Schedule") summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Revenues are recognized when received rather than when earned, and expenditures are recorded when paid rather than when the obligation is incurred.

**NOTE B – NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.

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

The Ohio Hi-Point Joint Vocational School District receives the Vocational Education Basic Grants to States from the Ohio Department of Education. A portion of the grant belongs to the Springfield Clark Joint Vocational School District, who is reimbursed for the grant expenditures by the Ohio Hi-Point Joint Vocational School District. For the year ended June 30, 2003, the Ohio Hi-Point Joint Vocational School District reimbursed the Springfield Clark Joint Vocational School District for \$42,187 of expenditures related to this grant, all of which were reported on Springfield Clark Joint Vocational School District's Schedule of Federal Awards Expenditures.

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## **Auditor of State Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the Ohio Hi-Point Joint Vocational School District, Logan County (the "District"), as of and for the year ended June 30, 2003, and have issued our report thereon dated February 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 9, 2004.

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

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of District in a separate letter dated February 9, 2004.

Ohio Hi-Point Joint Vocational School District  
Logan County  
Independent Accountants' Report 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, and the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

February 9, 2004



## Auditor of State Betty Montgomery

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of Ohio Hi-Point Joint Vocational School District, Logan County, (the "District"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

#### Internal Control Over Compliance

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

**Internal Control Over Compliance  
(Continued)**

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

This report is intended for the information and use of the audit committee, management, 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.



**Betty Montgomery**  
Auditor of State

February 9, 2004

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2003**

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

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





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

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

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 11, 2004**