



**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, 2002, 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 of the Ohio Hi-Point Joint Vocational School District, Logan County, as of June 30, 2002, 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 7, 2003, 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.

Ohio Hi-Point Joint Vocational School District
Logan County
Independent Accountants' Report
Page 2

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 7, 2003

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OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT
LOGAN COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$4,243,556	\$160,166	\$354,666	\$893,448
Investments	1,189,493			
Receivables:				
Property Taxes	4,210,622			
Accounts	20,996	65,977		
Intergovernmental		375,760		
Interfund	555,439			
Accrued Interest	13,594			
Materials and Supplies Inventory	21,506			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	96,658			
Fixed Assets (net, where applicable, of accumulated depreciation)				
Other Debits:				
Amount Available in Debt Service				
Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Governmental Resources				
Total Assets and Other Debits	<u>10,351,864</u>	<u>601,903</u>	<u>354,666</u>	<u>893,448</u>
Liabilities, Fund Equity, and Other Credits:				
Liabilities:				
Accounts Payable	66,381	10,416		
Accrued Wages and Benefits	454,425	103,768		
Compensated Absences Payable	32,875	3,823		
Interfund Payable		442,439		
Deferred Revenue	3,716,676	66,089		
Due to Students				
Loan Payable				
Total Liabilities	<u>4,270,357</u>	<u>626,535</u>		
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings				
Fund Balance:				
Reserved for Property Taxes	493,946			
Reserved for Set-Asides	96,658			
Reserve for Inventory	21,506			
Reserved for Encumbrances	292,218	34,216		14,814
Unreserved	5,177,179	(58,848)	354,666	878,634
Total Fund Equity and Other Credits	<u>6,081,507</u>	<u>(24,632)</u>	<u>354,666</u>	<u>893,448</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$10,351,864</u>	<u>\$601,903</u>	<u>\$354,666</u>	<u>\$893,448</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$42,816	\$23,465			\$5,718,117
				1,189,493
				4,210,622
				86,973
				375,760
				555,439
				13,594
1,214				22,720
				96,658
58,987		12,879,989		12,938,976
			354,666	354,666
			320,576	320,576
<u>103,017</u>	<u>23,465</u>	<u>12,879,989</u>	<u>675,242</u>	<u>25,883,594</u>
	739			77,536
16,183			1,540	575,916
3,382			319,036	359,116
111,000	2,000			555,439
				3,782,765
	16,058			16,058
			354,666	354,666
<u>130,565</u>	<u>18,797</u>		<u>675,242</u>	<u>5,721,496</u>
		12,879,989		12,879,989
(27,548)				(27,548)
				493,946
				96,658
				21,506
				341,248
	4,668			6,356,299
<u>(27,548)</u>	<u>4,668</u>	<u>12,879,989</u>		<u>20,162,098</u>
<u>\$103,017</u>	<u>\$23,465</u>	<u>\$12,879,989</u>	<u>\$675,242</u>	<u>\$25,883,594</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, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Property Taxes	\$4,490,491					\$4,490,491
Intergovernmental	2,654,826	1,144,783				3,799,609
Interest	265,521					265,521
Tuition and Fees	10,653	498,643				509,296
Miscellaneous	597,757	2,335			2,359	602,451
Total Revenues	8,019,248	1,645,761			2,359	9,667,368
Expenditures:						
Current:						
Instruction:						
Regular	603,579					603,579
Special	209,523			1,179		210,702
Vocational	2,191,570	274,541		238,467		2,704,578
Other	11,376	1,072,129		5,167		1,088,672
Support Services:						
Pupils	415,947	137,122		414		553,483
Instructional Staff	562,638	314,854		23,357		900,849
Board of Education	25,138					25,138
Administration	313,208	163,638		1,245		478,091
Fiscal	314,669			4,067		318,736
Business	174,181	21,435		246,227		441,843
Operation and Maintenance of Plant	903,716			18,966		922,682
Pupil Transportation	19,191					19,191
Central	290,984	80,158				371,142
Capital Outlay	212,868		8,097	5,365		226,330
Debt Service:						
Principal Retirement			216,795			216,795
Interest and Fiscal Charges			14,123			14,123
Total Expenditures	6,248,588	2,063,877	239,015	544,454		9,095,934
Excess of Revenues Over (Under) Expenditures	1,770,660	(418,116)	(239,015)	(544,454)	2,359	571,434
Other Financing Sources (Uses):						
Operating Transfers In		300,000				300,000
Operating Transfers Out	(300,000)					(300,000)
Total Other Financing Sources (Uses)	(300,000)	300,000				
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,470,660	(118,116)	(239,015)	(544,454)	2,359	571,434
Fund Balances at Beginning of Year	4,608,117	93,484	593,681	1,437,902	2,309	6,735,493
Change - Reserve for Inventory	2,730					2,730
Fund Balances End of Year	\$6,081,507	(\$24,632)	\$354,666	\$893,448	\$4,668	\$7,309,657

The notes to the 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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$4,341,327	\$4,341,327				
Intergovernmental	2,654,826	2,654,826		841,996	841,996	
Interest	263,720	263,720				
Tuition and Fees	10,728	10,728		505,733	505,733	
Extracurricular Activities						
Miscellaneous	580,162	580,162		2,335	2,335	
Total Revenues	<u>7,850,763</u>	<u>7,850,763</u>		<u>1,350,064</u>	<u>1,350,064</u>	
Expenditures:						
Current:						
Instruction:						
Regular	781,159	625,944	155,215			
Special	271,646	211,204	60,442			
Vocational	2,407,000	2,332,605	74,395	334,061	277,885	56,176
Other	12,000	11,376	624	1,045,029	1,036,072	8,957
Support Services:						
Pupils	518,439	433,788	84,651	139,734	139,370	364
Instructional Staff	601,369	578,986	22,383	340,921	321,428	19,493
Board of Education	43,946	35,895	8,051			
Administration	344,809	327,591	17,218	168,108	167,086	1,022
Fiscal	326,044	314,656	11,388			
Business	223,466	194,887	28,579	23,706	21,453	2,253
Operation and Maintenance of Plant	1,044,282	1,032,882	11,400			
Pupil Transportation	25,793	25,145	648			
Central	348,898	340,809	8,089	98,803	98,803	
Non-Instructional Services				500	500	
Capital Outlay	248,906	248,892	14			
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	<u>7,197,757</u>	<u>6,714,660</u>	<u>483,097</u>	<u>2,150,862</u>	<u>2,062,597</u>	<u>88,265</u>
Excess of Revenues Over (Under) Expenditures	653,006	1,136,103	483,097	(800,798)	(712,533)	88,265
Other Financing Sources (Uses):						
Operating Transfers In				300,000	300,000	
Operating Transfers Out	(400,000)	(300,000)	100,000			
Advances In	745,096	745,096		829,569	829,569	
Advances Out	(1,100,000)	(993,569)	106,431		(574,096)	(574,096)
Total Other Financing Sources (Uses)	<u>(754,904)</u>	<u>(548,473)</u>	<u>206,431</u>	<u>1,129,569</u>	<u>555,473</u>	<u>(574,096)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(101,898)	587,630	689,528	328,771	(157,060)	(485,831)
Fund Balances (Deficit) at Beginning of Year (Includes prior year encumbrances appropriated)	4,589,473	4,589,473		277,872	277,872	
Fund Balances at End of Year	<u>\$4,487,575</u>	<u>\$5,177,103</u>	<u>\$689,528</u>	<u>\$606,643</u>	<u>\$120,812</u>	<u>(\$485,831)</u>

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

**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, 2002**

	Proprietary Fund Type
	Enterprise
Operating Revenues:	
Sales	\$212,692
Miscellaneous Revenue	51,232
Total Operating Revenues	263,924
Operating Expenses:	
Salaries	87,216
Fringe Benefits	26,936
Purchased Services	698
Materials and Supplies	176,081
Depreciation	11,196
Total Operating Expenses	302,127
Operating Loss	(38,203)
Non-Operating Revenues:	
Federal Donated Commodities	4,585
Operating Grants	21,982
Total Non-Operating Revenues	26,567
Net Loss	(11,636)
Retained Earnings at Beginning of Year	(15,912)
Retained Earnings at End of Year	(\$27,548)

The notes to the 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, 2002**

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash Received from Charges for Services	\$213,412
Cash Payments for Salaries	(116,086)
Cash Payments for Contract Services	(698)
Cash Payments for Supplies and Materials	(172,005)
Cash Received from Miscellaneous Sources	51,232
Net Cash Used for Operating Activities	<u>(24,145)</u>

Cash flows from noncapital financing activities:

Cash Received from Operating Grants	21,982
Cash Received from Advances In	118,000
Cash Payments for Advances Out	(127,000)
Net Cash Provided by Noncapital Financing Activities	<u>12,982</u>

Cash flows from capital and related

financing activities:	
Acquisition of Capital Assets	<u>(16,100)</u>
Net Cash used for Capital and Related Financing Activities:	<u>(16,100)</u>

Net Decrease in Cash and Cash Equivalents	(27,263)
Cash and Cash Equivalents at Beginning of Year	70,079
Cash and Cash Equivalents at End of Year	<u><u>42,816</u></u>

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:

Operating Loss	(38,203)
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Adjustments to Reconcile Operating Loss to Net

Cash Used for Operating Activities:

Depreciation	11,196
Donated Commodities Used During Year	4,585
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	720
Decrease in Materials and Supplies Inventory	792
Decrease in Accounts Payable	(516)
Decrease in Accrued Wages and Benefits	(2,281)
Increase in Compensated Absences Payable	347
Decrease in Deferred Revenue	(785)
Net Cash Used for Operating Activities	<u><u>(\$24,145)</u></u>

The notes to the 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, 2002**

1. DESCRIPTION OF THE DISTRICT

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 38 non-certified employees and approximately 79 certified full-time teaching personnel who provide services to approximately 427 high school students and approximately 3,488 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 District's significant 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 this 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, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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 Funds

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).

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 are the District's Proprietary Funds:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 for the 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 essentially the same manner as governmental funds. The District's 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 general nature, the following account groups are used:

General Fixed Assets Account Group

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

B. Measurement Focus/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.

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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, income 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 income taxes is recognized in the period in which the income is earned. 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.

C. Measurement Focus/Basis of Accounting

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, 2002, but which were levied to finance fiscal year 2003 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.

D. Budgetary Data

Budgetary Basis of Accounting - The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major difference between the budget basis and the GAAP basis are:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when encumbered, or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).
- (3) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The actual results of operations, compared to the final appropriation, for each fund type by expenditure function and revenue by source are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (Non-GAAP Budgetary Basis) and Actual – All Governmental Fund Types. The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons. The District is required by state statute to adopt an annual appropriated budget for all funds, other than Agency Funds. The specific timetable is as follows:

- 1) Prior to January 15 of the preceding fiscal year, 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 County Budget Commission for tax 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. 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 statement reflect the amounts set forth in the final Amended Certificate of Estimate Resources 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 and function levels of expenditures, which are legal levels 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.
- 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, function, 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.

1. 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.

F. 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, repurchase agreement, U.S. Agency Notes, U.S. 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2002 amounted to \$265,521. This amount included \$87,967 assigned from other school district funds.

For purpose of the combined statement of cash flows and for 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 are purchased by the District are considered to be cash equivalents.

G. Inventory (Materials and Supplies)

Inventory in the governmental funds is stated at cost while inventories in the 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. Inventory in the enterprise fund consists of donated food, purchased food, and school supplies held for resale and is expensed when used.

H. 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 values 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 of less than \$500 and a useful life of 1 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

I. 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, as categorized as follows:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entitlements:

General Fund

State Foundation Program
State Property Tax Relief

Special Revenue Funds

Local Professional Development
Educational Management Information System

Non-Reimbursement Grants:

Special Revenue Funds

Economic Education
Adult Basic Literacy Education
Adult Basic Education
Dwight Eisenhower Professional Development Program Title II
Vocational Education - Technical Preparation
Venture Capital
ISO
Tech Prep
School Net Professional Development
School Net One Net
School Net
School Net Praise Grant
Title VI Innovative Education

Intergovernmental Revenues:

School To Work Opportunities
Safe School Help Line

Agency Funds:

Ohio Industrial Training
Federal Pell Grant

Reimbursable Grants:

General Fund

Telecommunication Subsidy Payment

Special Revenue Funds

Adult Vocational Education
Post-Secondary Vocation Education – Full Service Center
Teacher Development Program – Block Grant
Vocational Education – Carl D. Perkins Title 11

Enterprise Funds

Federal School Lunch Program
Special Milk Program

Grants and entitlements amounted to approximately thirty-eight percent (39%) of all school District's revenue during the fiscal year.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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.

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. 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 had no advances to/from other funds at June 30, 2002.

L. 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

N. 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 \$96,658 for the current fiscal year.

O. 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.

P. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned (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 changes in financial position in conformity with generally accepted accounting principals. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Q. 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.

Contributed capital represents resources from other funds, other governments, and private resources provided to proprietary funds that are 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.

R. 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. EQUITY IN POOLED CASH AND INVESTMENT

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;

**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENT (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 \$4,457,573. The bank balance of deposits was \$4,615,084 and of the bank balance, \$411,990 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENT (Continued)

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

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	1,189,493
U.S. Money Market		33,398
Star Ohio	N/A	<u>1,323,504</u>
		<u>\$2,546,395</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, "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	\$7,004,268	
Cash on Hand	(300)	
Investments:		
U.S. Agency Notes	(1,189,493)	\$1,189,493
U. S. Money Market	(33,398)	33,398
STAR Ohio	<u>(1,323,504)</u>	<u>1,323,504</u>
GASB Statement No. 3	<u>\$4,457,573</u>	<u>\$2,546,395</u>

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

4. 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 2002 were based, are as follows:

Tangible Personal	\$ 555,917,803
Public Utility and Real Estate	<u>1,922,316,650</u>
Total Assessed Property Value	<u>\$2,478,234,453</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, 2002 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, 2002 was \$493,946 and was recognized as revenue. The amount, which was available for advance at June 30, 2001, was \$344,782.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

5. FIXED ASSETS

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

Class	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 441,538	\$	\$	\$ 441,538
Building	7,768,750	262,641	0	8,031,391
Equipment	3,840,646	453,655	(29,568)	4,264,733
Vehicles	129,906	23,565	(11,144)	142,327
Totals	<u>\$12,180,840</u>	<u>\$739,861</u>	<u>(\$40,712)</u>	<u>\$12,879,989</u>

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

	Enterprise
Equipment	\$193,959
Less Accumulated Depreciation	<u>(134,972)</u>
Net Fixed Assets	<u>\$ 58,987</u>

6. LONG-TERM DEBT

During the year ended June 30, 2002, the following changes occurred in the General Long-Term Obligations Account Group:

	Balance Beginning Of Year	Increase	Decrease	Balance End of Year
Loan Payable	\$405,333	\$	\$50,667	\$354,666
Note Payable	166,128		166,128	
Compensated Absences	296,705	22,331		319,036
Accrued Wages and Benefits	<u>1,435</u>	<u>105</u>		<u>1,540</u>
Total	<u>\$869,601</u>	<u>\$ 22,436</u>	<u>\$216,795</u>	<u>\$675,242</u>

A. 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.

B. Energy Conservation Note

On August 10, 1994, the District issued an unvoted general obligation note for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The note was issued for a ten-year period with a final maturity during the fiscal year 2004. During 2002, the note was retired early from the debt service fund.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

6. LONG-TERM DEBT (Continued)

3. 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:

Fiscal Year Ending June 30	Principal
2003	\$ 50,667
2004	50,667
2005	50,666
2006	50,666
2007-2009	152,000
Total	\$354,666

7. 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 the Enterprise Funds of the District as of and for the current year end.

	<u>Food Services</u>	<u>Uniform School Supply</u>	<u>Customer Service Fund</u>	<u>Total</u>
Operating Revenue	\$175,011	\$37,681	\$51,232	\$263,924
Operating Expenses Before Depreciation	196,724	36,937	57,270	290,931
Depreciation	11,196			11,196
Operating Income (Loss)	(12,909)	(19,256)	(6,038)	(38,203)
Donated Commodities	4,585			4,585
Operating Grants	21,982			21,982
Net Income (Loss)	13,658	(19,256)	(6,038)	(11,636)
Net Working Capital	(70,409)	(29,223)	13,097	(86,535)
Total Assets	81,281	777	20,959	103,017
Total Liabilities	92,703	30,000	7,862	130,565
Total Equity	(11,422)	(29,223)	13,097	(27,548)

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

8. 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 administered by the School Employees Retirement Board. 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. The School Employees Retirement System issues a publicly available 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, Columbus, Ohio 43215-3746.

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 rate is 14 percent of the annual covered payroll; 5.46 percent was the portion to fund pension obligations for fiscal year 2002. For fiscal year 2001, 4.2 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$46,869, \$33,780, and \$50,566, respectively. 100 percent has been contributed for the fiscal years 2001 and 2000.

B. State Teachers Retirement -System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2002. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$344,441, \$318,199, and \$230,770, respectively. 100 percent has been contributed for the fiscal years 2001 and 2000.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2002, ten of the Board of Education members have elected Social Security. The District's liability is 6.2 percent of wages paid.

9. 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 classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation 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 percent of covered payroll. For fiscal year 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount was \$163,156.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,011 billion at June 30, 2002. 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 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 of the premium.

For the fiscal year 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from 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 2002, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$81,858 for fiscal year 2002.

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, 2002 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

10. 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:

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

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$1,470,660	(\$118,116)	(\$239,015)	(\$544,454)
Net Adjustment for Revenue Accruals	576,611	533,871		
Net Adjustment for Expenditure Accruals	(1,107,037)	(533,461)		(80,863)
Net Adjustments for Encumbrances	<u>(352,604)</u>	<u>(39,354)</u>	<u> </u>	<u>(14,814)</u>
Budgetary Basis	<u>\$587,630</u>	<u>(\$157,060)</u>	<u>(\$239,015)</u>	<u>(\$640,131)</u>

11. COMPLIANCE AND ACCOUNTABILITY

A. Accountability – Fund Deficits

At June 30, 2002, the Enterprise Fund Type had a retained earnings deficit of \$27,548. The Special Revenue Fund Type had a deficit fund balance of \$28,387. In both instances, the deficits were created by the implementation of GAAP. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

This deficit 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.

12. CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization (WOCO) - The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami and Champaign Counties. The organization was formed for the purpose of applying 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 Sonney Ivey, who serves as director, at 129 East Court Street, Sidney, Ohio 45365.

14. RISK MANAGEMENT

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 2002, the District contracted with the Nationwide Mutual Insurance Company for general liability insurance with a \$ 1,000,000 single occurrence limit and a \$5,000,000 aggregate. Buildings 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 expense in the amount of \$150,000 for labor costs to get the system back on line. The District's deductible for electronic data processing is \$250.

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

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

Ohio School Board Association Workers' Compensation Group Rating Plan - The District participates in the Ohio School Board Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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 the 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 the 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.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

15. INTERFUND ACTIVITY

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

<u>Fund Type/Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$555,439	
Special Revenue Fund:		
Pass Through Grant		\$ 518
Tech Prep Grant		406,813
Able Grant		35,000
Eisenhower Grant		<u>108</u>
Total Special Revenue		442,439
Enterprise Fund:		
Food Service		81,000
Uniform School Supply		<u>30,000</u>
Total Enterprise Fund		111,000
Agency Fund		2,000
Total All Funds	<u>\$555,439</u>	<u>\$555,439</u>

Advances in and out on the financial statements do not balance due the District not presenting Proprietary Fund Type budget versus actual statements and that Agency Funds activity is not presented on the GAAP basis.

16. 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 decision 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 on its financial operations.

17. LITIGATION

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

18. 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 purposes in future years.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2002
(Continued)**

18. STATUTORY RESERVES (Continued)

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

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Total</u>
Balance, 7/1/01	\$209,590	\$299,868	\$509,458
Required Set Aside	187,596	51,585	239,181
Qualifying Expenditures	<u>(311,432)</u>	<u>(340,549)</u>	<u>(651,981)</u>
Balance, 6/30/02	<u>\$85,754</u>	<u>\$10,904</u>	<u>\$96,658</u>

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$4,355		\$4,355
School Breakfast Program	05-PU 02	10.553	3,847		3,847	
School Lunch Program	LL-P4 01	10.555	2,516		2,516	
School Lunch Program	LL-P1 02	10.555	14,432		14,432	
Total School Lunch Program			<u>16,948</u>		<u>16,948</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>20,795</u>	4,355	<u>20,795</u>	4,355
United States Department of Labor						
<i>Passed through Putman County ESC</i>						
School to Work Program	WK BE 01	17.249			19	
United States Department of Education						
<i>Direct Program</i>						
Pell Grant		84.063	73,453		73,453	
<i>Passed Through Ohio Department of Education</i>						
Adult Education- State Grant Program	AB-SI 00 C	84.002			2,575	
	AB-SI 01 C		77,381		77,381	
	AB-SI 01		6,675		8,564	
	AB-SI 02		82,580		105,919	
Total Adult Education- State Grant Program			<u>166,636</u>		<u>194,438</u>	
Vocational Education - Basic Grants to State	20-A4-00	84.048			2,325	
	20-C1-01	84.048	103,817		310,611	
	20-C2-01	84.048	39,837		88,960	
	84.048				25,532	
Total Vocational Education - Basic Grants to State			<u>143,654</u>		<u>427,428</u>	
Eisenhower Professional Development Grant	MS-S1 01	84.281			640	
	MS-S1 02	84.281	1,081		955	
Total Eisenhower Professional Development Grant			<u>1,081</u>		<u>1,595</u>	
Title VI, Innovative Education Program Strategies	C2-S1 01	84.298	1,843		2,247	
	C2-S1 02	84.298	617			
Total Title VI, Innovative Education Program Strategies			<u>2,460</u>		<u>2,247</u>	
<i>Passed through Clark State University</i>						
Vocational Education - Basic Grants to State	N/A	84.048			979	
Total Department of Education			<u>387,284</u>		<u>700,140</u>	
TOTAL FEDERAL ASSISTANCE			<u>\$408,079</u>	<u>\$4,355</u>	<u>\$720,954</u>	<u>\$4,355</u>

The accompanying note to this schedule is an integral part of this schedule.

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR-ENDED JUNE 30, 2002**

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, 2002, the District had no significant food commodities in inventory.



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, 2002, and have issued our report thereon dated February 7, 2003. 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 7, 2003.

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

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**Internal Control Over Financial Reporting
(Continued)**

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

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 7, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS 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"), Logan County, 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, 2002. 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 each of its major federal programs 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, 2002. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated February 7, 2003.

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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.

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

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



Betty Montgomery
Auditor of State

February 7, 2003

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

**SCHEDULE OF FINDINGS
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Adult Education – State Grant Program: CFDA # 84.002
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 18, 2003**