



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Columbiana County Career Center
Columbiana County
9364 State Route 45
Lisbon, Ohio 44432

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Columbiana County Career Center, Columbiana County, Ohio (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the 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 Columbiana County Career Center, Columbiana County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2001 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.

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

Jim Petro
Auditor of State

December 17, 2001

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**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Equity in pooled cash and cash equivalents	\$1,230,695	\$87,827	\$741,791
Cash with fiscal agent			
Receivables (net of allowances of uncollectibles):			
Taxes - current & delinquent	1,650,886		
Accrued interest			1,677
Accounts	710		
Interfund loan receivable	109,382		
Advances to other funds	74,418		
Due from other governments		92,893	
Prepayments	18,085		
Materials and supplies inventory			
Restricted assets:			
Equity in pooled cash and cash equivalents	33,001		
Property, plant and equipment (net of accumulated depreciation where applicable)			
Other Debits:			
Amount to be provided for retirement of general long-term obligations			
Total assets and other debits	3,117,177	180,720	743,468
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable	12,486	10,889	
Accrued wages and benefits	475,582	5,053	
Compensated absences payable	15,642	2,339	
Pension obligation payable			
Interfund loan payable		92,893	
Due to other governments			
Deferred revenue	1,585,262	85,865	
Claims payable			
Due to students			
Advances from other funds			
Total liabilities	2,088,972	197,039	
Equity and Other Credits			
Investment in general fixed assets			
Retained earnings: unreserved			
Fund balances:			
Reserved for encumbrances	15,997	16,030	
Reserved for prepayments	18,085		
Reserved for tax revenue available for appropriation	65,624		
Reserved for advances	74,418		
Reserved for BWC refunds	33,001		
Unreserved - undesignated (deficit)	821,080	(32,349)	743,468
Total equity and other credits	1,028,205	(16,319)	743,468
Total liabilities, equity and other credits	\$3,117,177	\$180,720	\$743,468

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$131,500	\$6,583 161,445	\$11,722			\$2,210,118 161,445
					1,650,886
2,327					1,677
					3,037
7,154					109,382
					74,418
3,540					100,047
					18,085
					3,540
					33,001
132,014			\$4,409,200		4,541,214
				\$307,522	307,522
<u>276,535</u>	<u>168,028</u>	<u>11,722</u>	<u>4,409,200</u>	<u>307,522</u>	<u>9,214,372</u>
1,892					25,267
14,892					495,527
24,244				306,830	349,055
				692	692
16,489					109,382
		19			19
271					1,671,398
	103,631				103,631
		3,994			3,994
<u>66,709</u>		<u>7,709</u>			<u>74,418</u>
<u>124,497</u>	<u>103,631</u>	<u>11,722</u>		<u>307,522</u>	<u>2,833,383</u>
			4,409,200		4,409,200
152,038	64,397				216,435
					32,027
					18,085
					65,624
					74,418
					33,001
					1,532,199
<u>152,038</u>	<u>64,397</u>		<u>4,409,200</u>		<u>6,380,989</u>
<u>\$276,535</u>	<u>\$168,028</u>	<u>\$11,722</u>	<u>\$4,409,200</u>	<u>\$307,522</u>	<u>\$9,214,372</u>

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Revenues:				
From local sources:				
Taxes	\$1,542,102			\$1,542,102
Earnings on investments			105,107	105,107
Other local revenues	22,993			22,993
Intergovernmental - State	4,109,621	308,737	73,500	4,491,858
Intergovernmental - Federal		380,996		380,996
Total revenue	<u>5,674,716</u>	<u>689,733</u>	<u>178,607</u>	<u>6,543,056</u>
Expenditures:				
Current:				
Instruction:				
Regular	324,791			324,791
Special	202,642			202,642
Vocational	2,904,989	307,395	6,035	3,218,419
Adult/Continuing		127,698		127,698
Support services:				
Pupil	96,801	134,944		231,745
Instructional staff	24,377	72,071	52,561	149,009
Board of education	107,110			107,110
Administration	524,908	20,851		545,759
Fiscal	192,694			192,694
Operations and maintenance	485,633	7,500		493,133
Central	3,066	116,243		119,309
Community services	1,358			1,358
Extracurricular activities		32,457		32,457
Facilities acquisition and construction	83,317		58,489	141,806
Total expenditures	<u>4,951,686</u>	<u>819,159</u>	<u>117,085</u>	<u>5,887,930</u>
Excess (deficiency) of revenues over (under) expenditures	723,030	(129,426)	61,522	655,126
Other financing sources:				
Other miscellaneous sources of funds	100			100
Total other financing sources	<u>100</u>			<u>100</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	723,130	(129,426)	61,522	655,226
Fund balances, July 1	305,075	113,107	681,946	1,100,128
Fund balances (deficit), June 30	<u>\$1,028,205</u>	<u>(\$16,319)</u>	<u>\$743,468</u>	<u>\$1,755,354</u>

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

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COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>General</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
From local sources:			
Taxes	\$1,465,000	\$1,511,411	\$46,411
Tuition	50,000	56,185	6,185
Earnings on investments			
Other local revenues	20,595	24,601	4,006
Intergovernmental - State	3,885,750	4,078,304	192,554
Intergovernmental - Federal			
Total revenues	<u>5,421,345</u>	<u>5,670,501</u>	<u>249,156</u>
Expenditures:			
Current:			
Instruction:			
Regular	384,530	324,859	59,671
Special	224,570	198,054	26,516
Vocational	2,956,176	2,865,853	90,323
Other			
Support services:			
Pupil	142,140	95,029	47,111
Instructional staff	27,268	23,829	3,439
Board of Education	117,845	114,368	3,477
Administration	560,165	527,333	32,832
Fiscal	205,994	192,313	13,681
Operations and maintenance	516,687	496,488	20,199
Central	3,110	3,066	44
Community services	3,000	1,350	1,650
Extracurricular activities			
Facilities acquisition and construction	208,154	150,488	57,666
Total expenditures	<u>5,349,639</u>	<u>4,993,030</u>	<u>356,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,706</u>	<u>677,471</u>	<u>605,765</u>
Other financing sources (uses):			
Refund of prior year's expenditures	30,000	33,852	3,852
Other miscellaneous uses of funds			
Advances in	70,000	72,060	2,060
Advances out	(110,000)	(109,382)	618
Other miscellaneous sources of funds	100	100	
Total other financing sources (uses)	<u>(9,900)</u>	<u>(3,370)</u>	<u>6,530</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	61,806	674,101	612,295
Fund balances, July 1	401,688	401,688	
Prior year encumbrances appropriated	159,639	159,639	
Fund balances, June 30	<u>\$623,133</u>	<u>\$1,235,428</u>	<u>\$612,295</u>

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

Special Revenue			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
						\$1,465,000	\$1,511,411	\$46,411
						50,000	56,185	6,185
			\$60,000	\$103,429	\$43,429	60,000	103,429	43,429
						20,595	24,601	4,006
\$301,710	\$313,821	\$12,111	73,500	73,500		4,260,960	4,465,625	204,665
377,822	440,944	63,122				377,822	440,944	63,122
679,532	754,765	75,233	133,500	176,929	43,429	6,234,377	6,602,195	367,818
						384,530	324,859	59,671
						224,570	198,054	26,516
328,136	312,718	15,418	9,500	6,035	3,465	3,293,812	3,184,606	109,206
127,602	125,468	2,134				127,602	125,468	2,134
135,738	135,738					277,878	230,767	47,111
76,639	75,807	832	62,500	52,561	9,939	166,407	152,197	14,210
						117,845	114,368	3,477
21,349	19,349	2,000	1,500		1,500	583,014	546,682	36,332
						205,994	192,313	13,681
10,608	7,500	3,108				527,295	503,988	23,307
119,491	119,491					122,601	122,557	44
						3,000	1,350	1,650
39,404	39,404					39,404	39,404	
			84,078	82,566	1,512	292,232	233,054	59,178
858,967	835,475	23,492	157,578	141,162	16,416	6,366,184	5,969,667	396,517
(179,435)	(80,710)	98,725	(24,078)	35,767	59,845	(131,807)	632,528	764,335
						30,000	33,852	3,852
(1,520)	(1,520)					(1,520)	(1,520)	
164,952	92,892	(72,060)				234,952	164,952	(70,000)
(72,060)	(72,060)					(182,060)	(181,442)	618
						100	100	
91,372	19,312	(72,060)				81,472	15,942	(65,530)
(88,063)	(61,398)	26,665	(24,078)	35,767	59,845	(50,335)	648,470	698,805
111,041	111,041		681,946	681,946		1,194,675	1,194,675	
11,265	11,265		24,078	24,078		194,982	194,982	
\$34,243	\$60,908	\$26,665	\$681,946	\$741,791	\$59,845	\$1,339,322	\$2,038,127	\$698,805

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS ALL PROPRIETARY
FUND TYPES FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$291,929		\$291,929
Sales/charges for services	57,038	\$525,787	582,825
Other operating revenues	85		85
	<hr/>	<hr/>	<hr/>
Total operating revenues	349,052	525,787	874,839
Operating expenses:			
Personal services	394,458		394,458
Contract services	65,689	46,710	112,399
Materials and supplies	223,769		223,769
Depreciation	8,222		8,222
Claims expense		717,105	717,105
Other operating expenses	206		206
	<hr/>	<hr/>	<hr/>
Total operating expenses	692,344	763,815	1,456,159
Operating loss	<u>(343,292)</u>	<u>(238,028)</u>	<u>(581,320)</u>
Nonoperating revenues:			
Operating grants	329,970		329,970
Federal commodities	3,455		3,455
Interest revenue		10,958	10,958
Other nonoperating revenues	17,984		17,984
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	351,409	10,958	362,367
Net income (loss)	8,117	(227,070)	(218,953)
Retained earnings, July 1	143,921	291,467	435,388
	<hr/>	<hr/>	<hr/>
Retained earnings, June 30	<u>\$152,038</u>	<u>\$64,397</u>	<u>\$216,435</u>

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

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from tuition and fees	\$291,397		\$291,397
Cash received from sales/service charges	58,038	\$525,787	583,825
Cash received from other operations	85		85
Cash payments for personal services	(392,453)		(392,453)
Cash payments for contract services	(65,689)	(46,710)	(112,399)
Cash payments for materials and supplies	(227,025)		(227,025)
Cash payments for claims expenses		(680,944)	(680,944)
Cash payments for other expenses	(206)		(206)
Net cash provided used in operating activities	<u>(335,853)</u>	<u>(201,867)</u>	<u>(537,720)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	330,037		330,037
Cash received from interfund loans	16,489		16,489
Cash received from other noncapital financing activities	17,984		17,984
Net cash provided by noncapital financing activities	<u>364,510</u>		<u>364,510</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(11,051)		(11,051)
Net cash used in capital and related financing activities	<u>(11,051)</u>		<u>(11,051)</u>
Cash flows from investing activities:			
Interest received		10,958	10,958
Net cash provided by investing activities		<u>10,958</u>	<u>10,958</u>
Net increase (decrease) in cash and cash equivalents	17,606	(190,909)	(173,303)
Cash and cash equivalents at beginning of year	113,894	358,937	472,831
Cash and cash equivalents at end of year	<u>\$131,500</u>	<u>\$168,028</u>	<u>\$299,528</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(343,242)	(238,028)	(581,270)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	8,222		8,222
Federal donated commodities	3,455		3,455
Changes in assets and liabilities:			
Decrease in accounts receivable	468		468
Decrease in materials and supplies inventory	1,318		1,318
Decrease in accounts payable	(7,687)		(7,687)
Increase in accrued wages and benefits	2,200		2,200
Increase in compensated absences payable	865		865
Decrease in due to other governments	(1,060)		(1,060)
Increase in claims payable		36,161	36,161
Decrease in deferred revenue	(392)		(392)
Net cash used in operating activities	<u>(\$335,853)</u>	<u>(\$201,867)</u>	<u>(\$537,720)</u>

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

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**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENT
JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Columbiana County Career Center (the "District") is organized under section 3311.88 of the Ohio Revised Code. The District provides vocational education for 9 school districts serving all eligible students throughout 501 square miles of eastern Ohio, including Columbiana and portions of Mahoning, and Jefferson counties. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interests of students. The District is staffed by 61 certificated employees and 22 non-certificated employees to provide service to approximately 532 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform with generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict/or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Financial Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Based upon the application of this criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

Jointly Governed Organization

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a jointly governed organization among 22 school districts and 2 county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan'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 Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary and fiduciary.

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 current liabilities (except those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund

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

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

The 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.

Capital Projects Funds

The 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 or trust funds).

2. Proprietary Fund Types

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

Enterprise Funds

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

Internal Service Funds

The internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the District, on a cost reimbursement basis.

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 agency funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. At June 30, 2001, there were no accruals for the agency funds, which, in another fund type, would be recognized in the combined balance sheet.

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:

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 proprietary or trust funds.

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 funds and trust funds.

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 funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is 60 days after year-end.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

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

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

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 level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed 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 Columbiana County Budget Commission for rate determination.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the 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 issued for fiscal year 2001.

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which are the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Although the legal level of budgetary control was established at the fund level of expenditures for all funds, the District has elected to present budgetary statements comparisons at the fund and function level of expenditures for all governmental funds. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, supplemental appropriations were legally enacted by the Board.

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

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditures of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis,

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JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 12 discloses encumbrances outstanding for enterprise funds at fiscal year-end.

5. Lapsing of Appropriations

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

E. 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 fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to investments in STAR Ohio, a repurchase agreement and nonnegotiable 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 STAR Ohio during fiscal 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statutes all investment earnings are assigned to the general fund, except for those specifically related to the Permanent Improvement capital projects fund, which is individually authorized by Board resolution. Interest revenue credited to the Permanent Improvement capital projects fund during fiscal year 2001, amounted to \$105,107, which includes \$75,866 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

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. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the expenditure in the year in which it is consumed.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

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. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500. No depreciation is recognized for assets in the general fixed assets account group. Interest incurred during construction is not capitalized on the general fixed assets. The District has not included infrastructures in the general fixed asset account group.

2. Proprietary Funds

Equipment reflected in these funds are 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 computed on a straight-line basis over the following estimated useful lives:

Asset	Life (years)
Furniture and equipment	10 - 20

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. Sick leave benefits are accrued as a liability using the vesting method. Under this method, a liability for severance is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The District records a liability for accumulated unused sick leave for employees after 20 years of current service with the District, or after 15 years of service and at least 45 years of age or after 10 years of service and at least 50 years old.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the general long-term obligations account group. Long-term obligations expected to be financed by proprietary funds are reported as liabilities in the appropriate funds.

K. Fund Balance Reserves

Reservations of fund balances indicate that portion of fund equity, which are not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, advances, prepayments, tax revenue unavailable for appropriation, and Bureau of Workers Compensation (BWC) refunds. The reserve for tax advance unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

L. Interfund Transactions

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

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2001.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 2001.
5. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

An analysis of interfund loans receivable/payable and operating transfers is presented in Note 5.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 17 for details.

N. Estimates

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

O. Other Local Revenues

The revenue line item "other local revenues", reported in the governmental funds include rent, gifts, donations and other miscellaneous local revenue received by the District.

P. 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.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

B. Deficit Fund Balance/Retained Earnings

Fund balances/retained earnings at June 30, 2001 included the following individual fund deficits:

	Deficit Balance
Special Revenue Funds	
Consumer Education	\$ 1,864
Career Development	58
Adult Basic Education	21,963
LPDC Block Grant	444
Management Information Systems	42
Adult Education Full Service	3,000
Vocational Education	43,129
Enterprise Funds	
Food Service	3,402
Uniform School Supplies	58,433

Each of these funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balances in the Consumer Education, Career Development, Adult Basic Education, LPDC Block Grant, Adult Education Full Service, and Vocational Education special revenue funds were caused by the application of GAAP, namely in the reporting of "advances in" from another fund as an interfund loan payable rather than as an "other financing source." These deficits will be eliminated by anticipated intergovernmental revenues and subsidies not recognized at June 30.

The deficit fund balance in the Management Information System special revenue fund was caused by the application of GAAP, namely in the reporting of a liability for accrued wages and benefits. This deficit will be eliminated by anticipated intergovernmental revenues and subsidies not recognized at June 30.

The deficit retained earnings in the Food Service and Uniform School Supplies enterprise fund is caused by the application of GAAP, namely in the recognition of an interfund loan payable as a fund liability rather than as "nonoperating revenue". These deficits will be eliminated as revenues become available to repay these interfund loans.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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 Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

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

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

Interim monies may be invested or deposited 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 or interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on hand: At fiscal year-end, the District had \$365 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

Cash with fiscal agent: The District participates in the Columbiana County Insurance Consortium for employee benefits. The bank balance at fiscal year-end for the Employee Benefit Self-Insurance Fund was \$161,445. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the District's deposits, including non-negotiable certificates of deposit, was \$47,710 and the bank balance, including non-negotiable certificates of deposit, was \$249,594. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$49,594 was uninsured and unregistered as defined by GASB because it was secured by collateral held by third party trustees pursuant to section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: GASB Statement No. 3 requires the use of three categories to classify investments. Category 1 includes investments that are insured or registered or securities held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Repurchase agreement	<u>\$147,044</u>	\$ 147,044	\$ 147,044
Investment in STAR Ohio		<u>2,048,000</u>	<u>2,048,000</u>
Total Investments		<u>\$2,195,044</u>	<u>\$2,195,044</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable 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 (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No.9	\$ 2,404,564	
Investments of the Cash Management Pool:		
STAR Ohio	(2,048,000)	\$ 2,048,000
Repurchase Agreement	(147,044)	147,044
Cash on Hand	(365)	
Cash with Fiscal Agent	<u>(161,445)</u>	<u> </u>
GASB Statement No. 3	<u>\$ 47,710</u>	<u>\$2,195,044</u>

5. INTERFUND TRANSACTIONS

A. Advances To/From Other Funds

The following is a summarized breakdown of the District's long-term advances receivable and payable at June 30, 2001:

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

5. INTERFUND TRANSACTIONS (Continued)

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 74,418	
Enterprise Funds		
Food Service		\$ 17,403
Uniform School Supplies		49,306
Agency Fund		
Student Managed Activities	_____	7,709
Total	<u>\$ 74,418</u>	<u>\$74,418</u>

B. Interfund Loans Receivable/Payable

Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and/or payable:

	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$109,382	
Special Revenue Funds		
Consumer Education		\$ 2,400
Career Development		7,028
Adult Education Full Service		3,000
LDPC Block Grant		2,800
Adult Basic Education		24,837
Vocational Education		52,828
Enterprise Funds		
Food Service		7,262
Uniform School Supplies	_____	9,227
Total	<u>\$109,382</u>	<u>\$109,382</u>

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. PROPERTY TAXES (Continued)

Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% 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% of true value (with certain exceptions) and on real property at 35% of true value.

Tangible personal property taxes are levied on April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 2000 taxes were collected was \$812,145,240. Agricultural/residential and public utility real estate represented 71.10% or \$577,422,910 of this total; Commercial & Industrial real estate represented 14.04% or \$114,046,170 of this total; public utility tangible represented 6.87% or \$55,810,280 of this total; and general tangible property represented 7.99% or \$64,865,880 of this total. The voted general tax rate for operations at the fiscal year ended June 30, 2001 was \$2.80 per \$1,000.00 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The District receives property taxes from Columbiana, Mahoning, Jefferson and Carroll Counties. The County Treasurers collect property tax on behalf of the District. The County Auditors periodically remit to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amounts available 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, 2001, was \$65,624 in the general fund.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with Ohio Revised Code Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, long-term interfund advances and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "Due From Other Governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes - current and delinquent	\$1,650,886
Accounts	710
Advances to other funds	74,418
Interfund loans	109,382
 Special Revenue Funds	
Due from other governments	92,893
 Capital Projects Fund	
Accrued interest	1,677
 Enterprise Funds	
Accounts	2,327
Due from other governments	7,154

8. FIXED ASSETS

A. General Fixed Assets

A summary of the changes in the general fixed asset account group during fiscal year 2001 follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land/Improvements	\$ 389,079			\$ 389,079
Buildings/Improvements	1,014,042	\$ 237,263		1,251,305
Furniture and Equipment	2,504,710	180,831		2,685,541
Vehicles	71,275	12,000		83,275
Construction in Progress	<u>178,818</u>	<u> </u>	<u>\$ (178,818)</u>	<u> </u>
 Total	 <u>\$4,157,924</u>	 <u>\$430,094</u>	 <u>\$(178,818)</u>	 <u>\$4,409,200</u>

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

8. FIXED ASSETS (Continued)

B. Proprietary Fixed Assets

A summary of the proprietary fixed assets at June 30, 2001, follows:

Furniture and equipment	\$ 414,890
Less: accumulated depreciation	<u>(282,876)</u>
Net fixed assets	<u>\$ 132,014</u>

9. LONG-TERM OBLIGATIONS

A. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the general long-term obligations account groups. Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
Compensated Absences	\$306,898		\$ (68)	\$306,830
Pension Obligation Payable	<u>1,210</u>	<u>\$ 692</u>	<u>(1,210)</u>	<u>692</u>
Total	<u>\$308,108</u>	<u>\$ 692</u>	<u>\$(1,278)</u>	<u>\$307,522</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001, are a voted debt margin of \$73,093,072 and an unvoted debt margin of \$812,145.

10. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon 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 earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 312 days for administrators, 270 days for classified and 269 for certified personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave to a maximum of 78 days for administrators, 47 days for classified employees and 67 days for certified employees.

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

10. EMPLOYEE BENEFITS (Continued)

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Safeco Life Insurance Company.

11. RISK MANAGEMENT

A. Comprehensive

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 fiscal year 2001, the District's insurance coverage was as follows:

Type of Coverage	Deductible	Liability Limit
Building and Contents-replacement cost	\$2,500	\$17,847,000
Boiler	1,000	17,152,600
Inland Marine	100	55,400
EDP Coverage	250	300,000
Garage keepers	100	120,000
Automobile Liability		1,000,000
General Liability:		
Per occurrence		1,000,000
Aggregate		5,000,000
Umbrella Liability:		
Per occurrence	10,000	1,000,000
Aggregate	10,000	1,000,000

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

B. Health Insurance

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$103,631 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be reported. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2001	\$67,470	\$717,105	\$(680,944)	\$103,631
2000	86,242	573,505	(592,277)	67,470

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. RISK MANAGEMENT (Continued)

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

12. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four enterprise funds to account for the operations of food service, uniform school supplies, rotary and adult education programs. 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 year ended June 30, 2001.

	Food Service	Uniform School Supplies	Rotary	Adult Education	Total
Operating Revenue	\$57,038	\$ 25,109	\$49,125	\$217,780	\$349,052
Operating Expenses Before Depreciation	154,600	34,732	50,674	444,116	684,122
Depreciation	1,400			6,822	8,222
Operating Loss	(98,962)	(9,623)	(1,549)	(233,158)	(343,292)
Operating Grants	64,728			265,242	329,970
Federal Commodities	3,455				3,455
Net Income (Loss)	(12,925)	(9,623)	(1,419)	32,084	8,117
Net Working Capital	(159)	(9,127)	(30,764)	84,318	44,268
Total Assets	26,076	100	30,764	219,595	276,535
Fixed Asset Additions				12,000	12,000

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

12. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

Total Liabilities	29,478	58,533	36,486	124,497
Total Equity (Deficit)	(3,402)	(58,433)	30,764	183,109
Encumbrances Outstanding as of 6/30/01			400	7,992

13. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%, an actuarially determined rate, for 2001; 4.2% was the portion to fund pension obligations. For fiscal year 2000, 5.5% was used to fund pension obligations. The contribution requirements of plan members and employees are established and may be amended, up to statutory maximum amounts, by the School Employees Retirement Board. The District's required contributions to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$77,899, \$76,146, and \$72,881, respectively; equal to 100% of the required contribution for each fiscal year.

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 and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

13. DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$463,436, \$495,214, and \$480,675, respectively; equal to 100% of the required contribution for each fiscal year.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS, have an option to choose Social Security or SERS/STRS. As of June 30, 2001, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

14. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependants are eligible for health care coverage. 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$148,962 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% 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 2001, the minimum pay has been established at \$12,400. 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.

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. POSTEMPLOYMENT BENEFITS (Continued)

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$55,739 during the 2001 fiscal year.

15. BUDGETARY BASIS OF ACCOUNTING

While the District is 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, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

**Excess of Revenues and Other Financing Sources Over/
(Under) Expenditures and Other Financing Uses**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Budget basis	\$674,101	\$ (61,398)	\$35,767
Net adjustment for revenue accruals	4,215	(65,032)	1,678
Net adjustment for expenditure accruals	13,077	(10,603)	24,077
Net adjustment for other sources/uses	3,470	(19,312)	
Adjustment for encumbrances	<u>28,267</u>	<u>26,919</u>	<u> </u>
GAAP basis	<u>\$723,130</u>	<u>\$(129,426)</u>	<u>\$61,522</u>

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

16. CONTINGENCIES

A. Grants

The District received financial assistance from 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; however, in the opinion of management, any such disallowed claims will not have material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

The District is not party to any legal proceedings that would have a material impact on the Financial Statements.

C. State School Funding Decision

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 20, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

17. STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside cash balance as of June 30, 2000			\$ 80 879
Current year set-aside requirement	\$ 154,229	\$ 154,229	
Elimination of budget stabilization reserve			(80,879)
Current year offsets		(103,429)	
Qualifying disbursements	<u>(171,313)</u>	<u>(150,489)</u>	<u> </u>
Total	<u>\$ (17,084)</u>	<u>\$ (99,689)</u>	<u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$ (17,084)</u>		

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	<u>\$33,001</u>
Total restricted assets	<u>\$33,001</u>

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**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Non-Cash Receipts	Federal Disbursements	Federal Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$3,063		\$3,455
National School Lunch Program	2000 LL-P1	10.555	\$12,224		\$12,224	
	2000 LL-P4		2,910		2,910	
	2001 LL-P1		37,303		37,303	
	2001 LL-P4		8,454		8,454	
Total National School Lunch Program			60,891		60,891	
Total Department of Agriculture			60,891	3,063	60,891	3,455
APPALACHIAN REGIONAL COMMISSION						
<i>Passed Through Ohio Department of Development:</i>						
Appalachian Grant	OH-13402	23.011	3,210			
Total Appalachian Regional Commission			3,210			
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	AB-S1 2000	84.002	8,052			
	AB-S1-2001		74,066		74,066	
Total Adult Basic Education Grant			82,118		74,066	
Vocational Education - Basic Grants to States	20-A4 2001	84.048	6,000			
	20-C1 2000		33,371			
	20-C1 2001		188,645		216,269	
	20-C2 2001		110,713		118,491	
	20-C2 2000		7,133			
Total Vocational Education Grant			345,862		334,760	
Comprehensive School Reform Grant	RF-S1-1999	84.332			3,179	
	RF-S1-2000				45,226	
Total Comprehensive School Reform Grant					48,405	
Federal Pell Grant Program	N/A	84.063	85,048		85,048	
Goals 2000 - State and Local Education Systematic Improvement Program	G2-S2 1999	84.276	2,182		1,628	
Eisenhower Professional Development Grant	MS-S1 2001	84.281	1,426		1,426	
Innovative Educational Program Strategies	C2-S1 2001	84.298	2,972		2,972	
Total Department of Education			519,608		548,305	
TOTAL FEDERAL ASSISTANCE			\$583,709	\$3,063	\$609,196	\$3,455

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

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

A. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

B. FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Columbiana County Career Center
Columbiana County
9364 State Route 45
Lisbon, Ohio 44432

To the Board of Education:

We have audited the financial statements of the Columbiana County Career Center as of and for the year ended June 30, 2001, and have issued our report thereon dated December 17, 2001. 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 Columbiana County Career Center'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 Columbiana County Career Center in a separate letter dated December 17, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Columbiana County Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Columbiana County Career Center in a separate letter dated December 17, 2001.

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

Jim Petro
Auditor of State

December 17, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Columbiana County Career Center
Columbiana County
9364 State Route 45
Lisbon, Ohio 44432

To the Board of Education:

Compliance

We have audited the compliance of Columbiana County Career Center 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 of its major federal programs for the year ended June 30, 2001. Columbiana County Career Center'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 Columbiana County Career Center's management. Our responsibility is to express an opinion on Columbiana County Career Center'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 Columbiana County Career Center'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 Columbiana County Career Center's compliance with those requirements.

In our opinion, Columbiana County Career Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Columbiana County Career Center 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 Columbiana County Career Center'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, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 17, 2001

**COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

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

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

None	
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None	
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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COLUMBIANA COUNTY CAREER CENTER

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2002**