

FOUR COUNTY CAREER CENTER
HENRY COUNTY
FINANCIAL STATEMENTS
Year Ended June 30, 2002



**Auditor of State
Betty Montgomery**

Board of Education
Four County Career Center
Archbold, Ohio

We have reviewed the Independent Auditor's Report of the Four County Career Center, Henry County, prepared by Steyer & Co., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Four County Career Center is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 26, 2003

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the accompanying general purpose financial statements of the Four County Career Center, an Ohio Vocational School District ("the District"), as of and for the year ended June 30, 2002 as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 District, as of June 30, 2002, and the results of its operations and 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 13, 2002 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.

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



STEYER & CO.
Certified Public Accountants

Defiance, Ohio
December 13, 2002

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUP		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-term Obligations	
ASSETS AND OTHER DEBITS								
Equity in pooled cash and cash investments	5,646,418	308,131	4,298,905	497,727	52,376	-	-	10,803,557
Receivables								
Taxes	6,635,575	-	424,717	-	-	-	-	7,060,292
Accounts receivable	3,511	-	-	16,649	-	-	-	20,160
Intergovernmental	44,179	96,278	-	-	-	-	-	140,457
Accrued interest	59,436	-	-	-	-	-	-	59,436
Interfund receivable	453,091	-	-	-	-	-	-	453,091
Materials and supplies inventory	78,968	-	-	54,309	-	-	-	133,277
Prepaid items	27,276	7,412	-	586	-	-	-	35,274
Restricted assets:								
Equity in pooled cash and cash investments	28,259	-	-	-	-	-	-	28,259
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	47,001	-	7,196,916	-	7,243,917
Amount to be provided from general government resources	-	-	-	-	-	-	2,858,832	2,858,832
Total Assets and Other Debits	\$ 12,976,713	\$411,821	\$4,723,622	\$ 616,272	\$ 52,376	\$7,196,916	\$2,858,832	\$ 28,836,552

(Continued)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUP		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-term Obligations	
LIABILITIES								
Accounts payable	\$ 35,507	\$ 14,329	\$ 7,595	\$ 25,356	\$ 3,106	\$ -	\$ -	\$ 85,893
Contracts payable	28,477	-	-	-	-	-	-	28,477
Accrued salaries and benefits payable	702,444	26,644	-	21,893	-	-	-	750,981
Interfund payable	-	-	-	242,750	-	-	-	242,750
Due to other funds	-	210,341	-	-	-	-	-	210,341
Due to other governments	-	85,302	-	-	-	-	-	85,302
Deferred revenue - taxes	6,197,682	3,612	396,622	851	-	-	-	6,598,767
Due to students	-	-	-	-	5,185	-	-	5,185
Due to others	-	-	-	-	44,085	-	-	44,085
Compensated absences payable	79,935	2,007	-	43,430	-	-	919,474	1,044,846
Capital leases payable	-	-	-	-	-	-	56,976	56,976
Energy conservation loan payable	-	-	-	-	-	-	666,468	666,468
Asbestos removal loan payable	-	-	-	-	-	-	1,215,914	1,215,914
Total Liabilities	7,044,045	342,235	404,217	334,280	52,376	-	2,858,832	11,035,985
FUND EQUITY AND OTHER CREDITS								
Investment in general fixed assets	-	-	-	-	-	7,196,916	-	7,196,916
Contributed capital	-	-	-	19,849	-	-	-	19,849
Retained earnings	-	-	-	262,143	-	-	-	262,143
Fund balances and other credits:								
Reserved for encumbrances	127,301	21,402	80,652	-	-	-	-	229,355
Reserved for inventory	78,968	-	-	-	-	-	-	78,968
Reserved for property taxes	437,893	-	28,095	-	-	-	-	465,988
Reserved for advances	268,401	-	-	-	-	-	-	268,401
Reserved for prepaid items	27,276	7,412	-	-	-	-	-	34,688
Reserved for capital improvements	28,259	-	-	-	-	-	-	28,259
Unreserved: Undesignated	4,964,570	40,772	4,210,658	-	-	-	-	9,216,000
Total Fund Equity and Other Credits	5,932,668	69,586	4,319,405	281,992	-	7,196,916	-	17,800,567
Total Liabilities, Fund Equity and Other Credits	<u>\$ 12,976,713</u>	<u>\$411,821</u>	<u>\$4,723,622</u>	<u>\$ 616,272</u>	<u>\$ 52,376</u>	<u>\$7,196,916</u>	<u>\$2,858,832</u>	<u>\$ 28,836,552</u>

The accompanying notes are an integral part of these financial statements.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Taxes	\$ 5,265,336	\$ -	\$ -	\$ 349,252	\$ 5,614,588
Intergovernmental	5,053,505	705,064	-	4,631	5,763,200
Tuition and fees	35,587	-	-	-	35,587
Earnings on investments	404,787	-	-	2,613	407,400
Gifts and donations	252,322	-	-	-	252,322
Customer services	71,207	-	-	-	71,207
Miscellaneous	12,600	-	-	-	12,600
Total revenues	11,095,344	705,064	-	356,496	12,156,904
EXPENDITURES					
Instruction:					
Regular	1,137,343	19,197	-	-	1,156,540
Vocational	3,700,193	281,733	-	7,769	3,989,695
Adult/Continuing	151,885	181,478	-	-	333,363
Support services:					
Pupils	1,122,780	102,744	-	-	1,225,524
Instructional staff	266,920	90,583	-	-	357,503
Board of education	40,798	-	-	-	40,798
Administration	1,072,334	2,913	-	-	1,075,247
Fiscal services	488,502	-	-	9,579	498,081
Business	91,835	-	-	-	91,835

(Continued)

	GOVERNMENTAL FUND TYPES				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Operation and maintenance of plant	1,057,369	-	-	2,427	1,059,796
Pupil transportation	73,353	-	-	-	73,353
Central services	121,059	57,788	-	-	178,847
Non-instructional services	14,059	10,635	-	-	24,694
Classroom materials and fees	22,839	-	-	-	22,839
Extracurricular activities	43,150	-	-	-	43,150
Capital outlay	3,620	-	-	326,024	329,644
Debt service:					
Principal retirement	11,486	-	129,000	123,861	264,347
Interest and fiscal charges	2,121	-	39,185	-	41,306
Total expenditures	9,421,646	747,071	168,185	469,660	10,806,562
Excess (deficiency) of revenues over (under) expenditures	1,673,698	(42,007)	(168,185)	(113,164)	1,350,342
OTHER FINANCING SOURCES (USES)					
Transfers - in		33,510	168,185	-	201,695
Refund of prior year expenditures	4,648	-	-	79,677	84,325
Transfers - out	(202,330)				(202,330)
Other miscellaneous sources (uses) of funds	1,503	10,301	-	-	11,804
Total other financing sources (uses)	(196,179)	43,811	168,185	79,677	95,494
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,477,519	1,804	-	(33,487)	1,445,836
Fund balance, beginning of year	4,455,149	67,782	-	4,352,892	8,875,823
Fund balance, end of year	\$ 5,932,668	\$ 69,586	\$ -	\$ 4,319,405	\$ 10,321,659

The accompanying notes are an integral part of these financial statements.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Funds			Debt Service Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
REVENUES									
Taxes	\$ 5,191,000	\$ 5,092,961	\$ (98,039)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,655,000	5,200,128	545,128	886,020	811,069	(74,951)	-	-	-
Tuition and fees	20,000	16,940	(3,060)	-	-	-	-	-	-
Earnings on investments	300,000	410,138	110,138	-	-	-	-	-	-
Classroom materials and fees	25,000	20,180	(4,820)	-	-	-	-	-	-
Miscellaneous	271,200	328,370	57,170	-	-	-	-	-	-
Total revenues	10,462,200	11,068,717	606,517	886,020	811,069	(74,951)	-	-	-
EXPENDITURES									
Instruction:									
Regular	1,148,380	1,140,584	7,796	34,859	22,545	12,314	-	-	-
Vocational	3,845,756	3,760,788	84,968	368,224	309,088	59,136	-	-	-
Adult/Continuing	152,875	147,561	5,314	182,177	180,328	1,849	-	-	-
Support services:									
Pupils	1,220,794	1,165,005	55,789	132,870	110,772	22,098	-	-	-
Instructional staff	307,801	275,301	32,500	138,348	94,952	43,396	-	-	-
Board of education	123,783	42,824	80,959	-	-	-	-	-	-
Administration	1,074,722	1,025,635	49,087	11,578	4,741	6,837	-	-	-
Fiscal services	612,771	567,700	45,071	-	-	-	-	-	-
Business	97,592	81,808	15,784	-	-	-	-	-	-
Operation and maintenance of plant	1,299,262	1,114,742	184,520	-	-	-	-	-	-

(Continued)

	General Fund			Special Revenue Funds			Debt Service Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Pupil transportation	91,339	81,079	10,260	-	-	-	-	-	-
Central services	149,220	121,169	28,051	77,368	66,981	10,387	-	-	-
Non-instructional services	14,205	14,059	146	11,190	10,602	588	-	-	-
Extracurricular activities	48,795	44,919	3,876	-	-	-	-	-	-
Capital outlay	7,000	3,620	3,380	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	168,187	168,185	2
Total expenditures	<u>10,194,295</u>	<u>9,586,794</u>	<u>607,501</u>	<u>956,614</u>	<u>800,009</u>	<u>156,605</u>	<u>168,187</u>	<u>168,185</u>	<u>2</u>
Excess (deficiency) of revenue over (under) expenditures	267,905	1,481,923	1,214,018	(70,594)	11,060	81,654	(168,187)	(168,185)	2
OTHER FINANCING SOURCES (USES)									
Transfers - in	364,286	289,286	(75,000)	-	33,510	33,510	170,000	168,185	(1,815)
Advances - in	500,000	76,699	(423,301)	-	174,100	174,100	-	-	-
Refund of prior year expenditures	-	4,248	4,248	-	400	400	-	-	-
Transfers - out	(689,286)	(391,616)	297,670	(100,000)	(100,000)	-	-	-	-
Advances - out	<u>(350,000)</u>	<u>(345,100)</u>	<u>4,900</u>	<u>(81,699)</u>	<u>(76,699)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(175,000)</u>	<u>(366,483)</u>	<u>(191,483)</u>	<u>(181,699)</u>	<u>31,311</u>	<u>213,010</u>	<u>170,000</u>	<u>168,185</u>	<u>(1,815)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	92,905	1,115,440	1,022,535	(252,293)	42,371	294,664	1,813	-	(1,813)
Fund balance beginning of year	<u>4,289,776</u>	<u>3,610,697</u>	<u>(679,079)</u>	<u>230,206</u>	<u>230,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance end of year	<u>\$ 4,382,681</u>	<u>\$ 4,726,137</u>	<u>\$ 343,456</u>	<u>\$ (22,087)</u>	<u>\$ 272,577</u>	<u>\$ 294,664</u>	<u>\$ 1,813</u>	<u>\$ -</u>	<u>\$ (1,813)</u>

The accompanying notes are an integral part of these financial statements.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

	Capital Projects Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
REVENUES						
Taxes	\$ 324,500	\$ 372,073	\$ 47,573	\$ 5,515,500	\$ 5,465,034	\$ (50,466)
Intergovernmental	11,000	10,665	(335)	5,552,020	6,021,862	469,842
Tuition and fees	-	-	-	20,000	16,940	(3,060)
Earnings on investments	4,000	4,351	351	304,000	414,489	110,489
Classroom materials and fees	-	-	-	25,000	20,180	(4,820)
Miscellaneous	-	-	-	271,200	328,370	57,170
Total revenues	339,500	387,089	47,589	11,687,720	12,266,875	579,155
EXPENDITURES						
Instruction:						
Regular	-	-	-	1,183,239	1,163,129	20,110
Vocational	85,000	62,171	22,829	4,298,980	4,132,047	166,933
Adult/Continuing	-	-	-	335,052	327,889	7,163
Support services:						
Pupils	-	-	-	1,353,664	1,275,777	77,887
Instructional staff	-	-	-	446,149	370,253	75,896
Board of education	-	-	-	123,783	42,824	80,959
Administration	-	-	-	1,086,300	1,030,376	55,924
Fiscal services	20,000	9,579	10,421	632,771	577,279	55,492
Business	-	-	-	97,592	81,808	15,784
Operation and maintenance of plant	30,703	7,623	23,080	1,329,965	1,122,365	207,600

(Continued)

	Capital Projects Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Pupil transportation	-	-	-	91,339	81,079	10,260
Central services	-	-	-	226,588	188,150	38,438
Non-instructional services	-	-	-	25,395	24,661	734
Extracurricular activities	-	-	-	48,795	44,919	3,876
Capital outlay	778,432	352,274	426,158	785,432	355,894	429,538
Debt service:				-	-	-
Principal retirement	123,861	123,861	-	292,048	292,046	2
Total expenditures	<u>1,037,996</u>	<u>555,508</u>	<u>482,488</u>	<u>12,357,092</u>	<u>11,110,496</u>	<u>1,246,596</u>
Excess (deficiency) of revenue over (under) expenditures	(698,496)	(168,419)	530,077	(669,372)	1,156,379	1,825,751
OTHER FINANCING SOURCES (USES)						
Transfers - in	-	-	-	534,286	490,981	(43,305)
Advances - in	-	-	-	500,000	250,799	(249,201)
Refund of prior year expenditures	79,677	79,677	-	79,677	84,325	4,648
Transfers - out	-	-	-	(789,286)	(491,616)	297,670
Advances - out	<u>(75,000)</u>	-	<u>75,000</u>	<u>(506,699)</u>	<u>(421,799)</u>	<u>84,900</u>
Total other financing sources (uses)	<u>4,677</u>	<u>79,677</u>	<u>75,000</u>	<u>(182,022)</u>	<u>(87,310)</u>	<u>94,712</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(693,819)	(88,742)	605,077	(851,394)	1,069,069	1,920,463
Fund balance beginning of year	<u>4,330,065</u>	<u>4,330,065</u>	-	<u>8,850,047</u>	<u>8,170,968</u>	<u>(679,079)</u>
Fund balance end of year	<u>\$ 3,636,246</u>	<u>\$ 4,241,323</u>	<u>\$ 605,077</u>	<u>\$ 7,998,653</u>	<u>\$ 9,240,037</u>	<u>\$ 1,241,384</u>

The accompanying notes are an integral part of these financial statements.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>PROPRIETARY FUND TYPES</u>
	<u>Enterprise Funds</u>
OPERATING REVENUES	
Tuition	\$ 318,258
Sales	272,534
Charges for services	56,410
Other revenues	210,776
Total operating revenues	<u>857,978</u>
OPERATING EXPENSES	
Salaries and wages	570,702
Fringe benefits	168,772
Purchased services	184,992
Materials and supplies	266,622
Depreciation expense	7,919
Total operating expenses	<u>1,199,007</u>
OPERATING LOSS	(341,029)
NON-OPERATING REVENUE	
Federal donated commodities	8,269
Interest	627
Federal and state subsidies	262,345
Other	60,663
Total non-operating revenue	<u>331,904</u>
NET LOSS	(9,125)
RETAINED EARNINGS, BEGINNING OF YEAR	<u>271,268</u>
RETAINED EARNINGS, END OF YEAR	<u>262,143</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR	19,849
CAPITAL CONTRIBUTIONS DURING THE YEAR	<u>-</u>
CONTRIBUTED CAPITAL AT END OF YEAR	<u>19,849</u>
TOTAL FUND EQUITY AT END OF YEAR	<u><u>\$ 281,992</u></u>

The accompanying notes are an integral part of these financial statements.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>PROPRIETARY FUND TYPES</u> Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	(341,029)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	7,919
Federal donated commodities used	8,269
(Increase) decrease in assets:	
Accounts receivable	39,389
Accrued interest	7
Material and supplies inventory	(16,304)
Prepaid items	(586)
Increase (decrease) in liabilities:	
Compensated absences payable	8,691
Deferred revenue - taxes	(778)
Interfund payable	171,000
Accounts payable	24,246
Accrued wages and benefits	(3,807)
Total adjustments	<u>238,046</u>
Net cash used for operating activities	(102,983)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Purchase of fixed assets	(17,366)
Interest	627
Federal and state subsidies	262,345
Other	60,663
Net cash provided by operating activities	<u>306,269</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	203,286
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>294,441</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 497,727</u></u>

The accompanying notes are an integral part of these financial statements.

**FOUR COUNTY CAREER CENTER
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Note 1 - Description of the School District and Reporting Entity

Four County Career Center ("the District") is a joint vocational school district created under provisions of Section 3311.18 of the Ohio Revised Code. Effective July 1, 2000 the District changed its name from Four County Joint Vocational School District to Four County Career Center, an Ohio Vocational School District. The school district was established in 1966, with classes beginning in September, 1969, and serves 22 districts located in Defiance, Fulton, Henry and Williams counties. The District is operated under a board of education consisting of eleven members. The vocational school district provides job training for residents of participating districts. Currently, Four County Career Center provides thirty courses of instruction in such varied fields as chef training, electronics, machine trades and plastics. The average daily membership as of October 2001 was 831. The district employed 12 administrators and supervising personnel, 107 certified and 42 noncertified employees.

Four County Career Center provides regular, vocational, and adult continuing instruction. Also, Four County Career Center has support services for pupils, instructional staff, general and school administration, fiscal and business affairs. In addition, Four County School District accounts for various extra-curricular activities and retirement of debt obligations.

This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization.

The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial date of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending). The District has no component units.

The District reports under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", under which the financial statements include all the organizations, activities, functions and component units for which the district (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the district. On the basis of the provisions of GASB Statement No. 14, no organizations are financially accountable to the District as component units.

However, in accordance with GASB Statement No. 14, there are two organizations that require separate disclosure because of the nature of their relationships with the District. These organizations are discussed in Note 15: Northern Buckeye Education Council and Northwest Ohio Computer Association.

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Management believes the financial statements included in this report represent all of the funds of Four County Career Center over which Four County Career Center has the ability to exercise direct operating control.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis Of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, 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 School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Enterprise Funds 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.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed by the enterprise fund.

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Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation 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 legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

Estimated Resources By 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 School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002. Prior to year-end, the School District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

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, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

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.

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D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District Treasurer is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

During fiscal year 2002, investments included STAR Ohio and certificates of deposit. Non-negotiable certificates of deposit are reported at cost. Investment earnings are allocated as authorized by State statute.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. The School District invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. STAR Ohio is an investment pool managed by the State Treasurer's office which allows government 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, 2002.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund and Capital Projects fund during fiscal year 2002 amounted to \$404,787 and \$2,613 respectively.

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

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include revenue amounts required to be set aside by the School District for the purchase of textbooks and capital maintenance. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

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G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of \$1,000. Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Depreciation of buildings, furniture, equipment, and vehicles in the general fixed asset account group and proprietary fund is computed using the straight-line method over the remaining useful life. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase

Non-Reimbursable Grants

Special Revenue Funds

Consumer Education Grant
Career Development Grant
Community Education Planning Project
Professional Development
Adult Vocational Education

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Educational Management Information System
One Net
School Net Professional Development
ATI Tech Prep Grant
Action Research Grant
Maumee Valley Tech Prep
Expanded enrollment Grant
Tech Prep Internship Grant
High School That Work
Adult Basic Education
Title II
Carl Perkins
Title VI
Telecommunications Act Grant
Adult Basic and Literacy Education
School to Work Grant
Security Grant
GTE Foundation Grant
HSTW Grant

Reimbursable Grants

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Capital Projects Fund

Vocational Education Equipment
School Net

J. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables”. Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

K. Compensated Absences

The School District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the School District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the School District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the rates in effect at June 30, 2002.

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For governmental funds, the School District provides a liability for unpaid compensated absences for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Bonds and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for property taxes, inventories of supplies and materials, encumbrances, textbooks and capital maintenance reserve. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

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O. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

P. Estimates

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

Q. Total Columns on General Purpose Financial Statements

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

Note 3 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, and All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance/retained earnings (GAAP basis).

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The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for all governmental fund types:

Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$ 1,477,519	\$ 1,804	\$ (33,487)
Revenue adjustments	(26,627)	96,104	30,594
Expenditure adjustments	(108,740)	(17,378)	2,398
Other sources/uses	(170,304)	(2,599)	-
Reserve for encumbrances - budgetary basis	<u>(56,408)</u>	<u>(35,560)</u>	<u>(88,247)</u>
Budgetary Basis	<u>\$ 1,115,440</u>	<u>\$ 42,371</u>	<u>\$ (88,742)</u>

Note 4 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

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

Protection of School 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 deposited or invested in the following securities:

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

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.
8. Under limited circumstances, corporate debt interests 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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

During fiscal year 2002, the School District's investments were limited to STAR Ohio. During the fiscal year, all investments of the School District had a maturity of two years or less.

At fiscal year end, the School District had \$450 in undeposited cash on hand included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$2,268,693 and the bank balance was \$2,567,545. \$300,000 of the bank balance was covered by federal depository insurance. \$2,267,545 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

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Investments Investments are required to be categorized into the following:

Category 1 includes investments that are insured or registered or for which the securities are held by Four County Career Center.

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Four County Career Center's name.

Category 3 includes uninsured and unregistered investment for which the securities are held by the broker or dealer or by its trust department but not in the Four County Career Center's name.

At year end, the District had an investment in STAR Ohio with a value of \$8,492,396. STAR Ohio is an investment pool operated by the Ohio Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	<u>Investments</u>
GASB Statement 9	\$10,831,817	\$ -
Cash on Hand	(450)	-
Investments:		
STAR Ohio	(8,492,396)	8,492,396
GASB Statement 3	<u>\$ 2,338,971</u>	<u>\$ 8,492,396</u>

Note 5 - Property Taxes

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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The School District receives property taxes from Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002 was \$465,988 and is recognized as revenue. \$437,893 was available to the general fund and \$28,095 was available to the capital project fund.

The assessed values upon which the fiscal year 2002 taxes are based as follows:

	2001 Second-Half Collections		2002 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,884,528,110	75.00%	\$ 1,927,199,750	76.30%
Public Utility Personal	210,269,260	8.40%	161,870,620	6.40%
Tangible Personal Property	416,116,393	16.60%	437,169,192	17.30%
Total	<u>\$ 2,510,913,763</u>	<u>100.00%</u>	<u>\$ 2,526,239,562</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 3.20		\$ 3.20	

Note 6 - Receivables

Receivables at June 30, 2002, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal receivables is as follows:

	<u>Amounts</u>
General Fund:	
Taxes	\$ 6,635,575
Accounts	3,511
Intergovernmental	44,179
Accrued interest	59,436
Special Revenue Funds:	
Intergovernmental	96,278
Capital Project Fund:	
Taxes	424,717
Enterprise Funds:	
Accounts	16,649
Total	<u>\$ 7,280,345</u>

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Note 7 - Fixed Assets

A summary of the changes in General Fixed Assets Account Group is as follows:

	Balance at 6/30/01	Additions	Deductions	Balance at 6/30/02
Land and land improvements	\$ 465,854	\$ -	\$ -	\$ 465,854
Buildings	16,470,149	298,669	-	16,768,818
Furniture and equipment	3,704,053	301,560	96,779	3,908,834
Books	424,020	-	-	424,020
Moving vehicles	295,961	126,714	6,000	416,675
Total	<u>21,360,037</u>	<u>726,943</u>	<u>102,779</u>	<u>21,984,201</u>
Accumulated depreciation	(14,045,423)	(800,380)	(58,518)	(14,787,285)
Net Fixed Assets	<u>\$ 7,314,614</u>	<u>\$ (73,437)</u>	<u>\$ 44,261</u>	<u>\$ 7,196,916</u>

A summary of Proprietary Fund Type fixed assets at June 30, 2002 is as follows:

	Food Service	Adult Education
Machinery and equipment	\$ 106,357	\$ 32,754
Accumulated depreciation	(76,103)	(16,007)
Total	<u>\$ 30,254</u>	<u>\$ 16,747</u>

Note 8 - Risk Management

A. Comprehensive

During fiscal year 2002, the District contracted with Nationwide Insurance for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years, and there have been no significant reductions in insurance coverage from last year.

B. Employee Insurance Benefits Program

The School District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The School District participates in the Northern Buckeye Education Council Workers' Compensation group Rating Plan (the Plan), an insurance purchasing pool (see Note 16). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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Note 9 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$193,683, \$166,800 and \$170,400, respectively. All required contributions were made prior to each of these fiscal year ends.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the STRS Ohio Board of Trustees. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate, presently 14 percent; 6% 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 School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$851,339, \$713,100 and \$749,400, respectively. All required contributions were made prior to each of these fiscal year ends.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, seven members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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Note 10 - Postemployment Benefits

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$35,372.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000, and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$17,563 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161,439,934, and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 11 - Other Employee Benefits

A. *Compensated Absences*

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 20 days.

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All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-third of the accumulated sick leave to a maximum payout of 30 days, except that those employees who elect to retire within twelve months of the earliest permissible retirement date shall be paid one-third of the accumulated sick leave to a maximum of 60 days.

At June 30, 2002 the current amount of unpaid compensated absences, in all funds except for the proprietary funds, and the balance of the liability in the General Fund and the General Long-Term Obligation Account Group was \$79,935 and \$919,474 respectively. The liability for compensated absences in the proprietary funds at June 30, 2002 was \$43,430.

B. Health Care Benefits

The school district provides employee health care benefits through membership in the Northern Buckeye Education Council (NBEC). Monthly payments are made to the NBEC for health, dental, and life insurance coverages. Vision insurance is provided through Vision Service Plan. The employees share the cost of the monthly premiums with the board.

Note 12 - Long-Term Obligations

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

	Balance at June 30, 2001	Additions	Reductions	Balance at June 30, 2002
Compensated absences	\$ 747,406	\$ 172,068	\$ -	\$ 919,474
Capital leases	32,734	24,242	-	56,976
Energy loan payable	795,468	-	129,000	666,468
Asbestos loan payable	1,339,776	-	123,862	1,215,914
Total	<u>\$ 2,915,384</u>	<u>\$ 196,310</u>	<u>\$ 252,862</u>	<u>\$ 2,858,832</u>

The Four County Vocational School District has two approved interest free loans and grants from EPA Assistance/U.S. Environmental Protection Agency for friable asbestos removal. This loan and grant was for asbestos removal over a three-year period beginning in the summer of 1993 and ending in the summer of 1995. The loans are paid semi-annually over an eighteen year period. The loan is being paid from the Permanent Improvement fund, which is classified as a Capital Project Fund Type.

During fiscal year 1997, the school district issued a 10 year \$1,300,000, note for the purpose of replacing the HVAC rooftop units under the guidelines of HB 264. This note will be repaid with general fund tax revenue.

Capital leases will be paid from the General Fund. Compensated absences, pension obligation, and employee bonuses will be paid from the fund from which the employees' salaries are paid.

Total expenditures for interest for the above debt for the period ended June 30, 2002 was \$39,185.

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The scheduled payments of principal and interest on debt outstanding at June 30, 2002 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2003	\$ 258,861	\$ 31,992	\$ 290,853
2004	265,861	25,099	290,960
2005	273,861	17,827	291,688
2006	281,862	10,150	292,012
2007	205,330	2,070	207,400
2008-2013	596,608	-	596,608
Total	<u>\$ 1,882,383</u>	<u>\$ 87,138</u>	<u>\$ 1,969,521</u>

Note 13 - Capitalized Leases - Lessee Disclosure

The Four County Career Center has entered into lease agreements as lessee for financing the acquisition for photocopy, computers, office and telephone equipment.

The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2002:

Fiscal Year Ending June 30	
2003	\$ 21,172
2004	20,713
2005	20,713
2006	19,063
2007	1,802
Total minimum lease payments	<u>83,463</u>
Less: amount representing interest	(10,019)
Present value of future minimum lease payments	<u>\$ 73,444</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 14 - Segment Information for Enterprise Funds

The School District maintains two Enterprise Funds which provide lunchroom/cafeteria and uniform school supply services. Segment information for the year ended June 30, 2002 was as follows:

	Food Service	Uniform School Supplies	Adult Education	Special Enterprises	Total
Operating Revenues	\$ 237,927	\$ 22,970	\$ 543,097	53,984	\$ 857,978
Operating Expenses	335,058	9,380	790,951	55,699	1,191,088
Depreciation Expense	4,459	-	3,460	-	7,919
Operating Income (Loss)	(101,590)	13,590	(251,314)	(1,715)	(341,029)
Grants	29,985	-	232,360	-	262,345
Donated Commodities	8,269	-	-	-	8,269
Interest	627	-	-	-	627
Other	60,663	-	232,360	-	60,663
Net Income (Loss)	(2,046)	13,590	(18,954)	(1,715)	(9,125)
Net Working Capital	(33,412)	131,156	67,821	69,426	234,991
Total Assets	47,306	131,156	368,384	69,426	616,272
Total Liabilities	50,464	-	283,816	-	334,280
Total Equity (deficit)	(3,158)	131,156	84,568	69,426	281,992

Note 15 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. Total disbursements made by the District to NWOCA during this fiscal year were \$232,332. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which member's districts are located. The Board is elected from an assembly consisting of a representative from each participating district. The degree of control exercised by any participating school district is limited to its representation on the Board. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 16 - Group Purchasing Pools

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program included health, dental, and life insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2002, Four County Career Center contributed a total for all three plans of \$964,699 which represented 1.5 percent of total contributions. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool. The Plan is governed by the NBEC and plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating/members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

Note 17 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B Litigation

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

C. State School Funding Decision

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Note 18 - Interfund Transactions

Interfund balances at June 30, 2002 consist of the following individual fund receivables and payables.

	Due From Other Funds	Due To Other Funds
General Fund	\$ 453,091	\$ -
Special Revenue Funds	-	210,341
Enterprise Fund	-	242,750
Total transfers	<u>\$ 453,091</u>	<u>\$ 453,091</u>

Note 19 - Contributed Capital

During 2002, contributed capital in Enterprise funds changed by the following amounts:

	Enterprise Fund
Contributed capital, July 1	\$ 19,849
Contributions from governmental funds	-
Contributed capital, June 30	<u>\$ 19,849</u>

Note 20 - Agency Funds

	Combined Statement of Changes in Assets and Liabilities			Balance at June 30, 2002
	Balance at July 1, 2001	Additions	Deductions	
Cash	\$ 48,624	\$ 3,752	\$ -	\$ 52,376
Total assets	<u>\$ 48,624</u>	<u>\$ 3,752</u>	<u>\$ -</u>	<u>\$ 52,376</u>
Other liabilities	\$ 48,624	\$ 3,752	\$ -	\$ 52,376
Total liabilities	<u>\$ 48,624</u>	<u>\$ 3,752</u>	<u>\$ -</u>	<u>\$ 52,376</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002**

Note 21 – Statutory Reserves

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2002, only the unspent portion of certain workers compensation refunds are required to be set-aside at fiscal year end. The balance no longer required by statute for budget stabilization was designated by the District to be used for general operations.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance, June 30, 2001	\$ (307,873)	\$ -	\$ 37,572
Current Year Set-Aside Requirement	116,083	116,083	-
Current Year Offsets	-	-	-
Qualifying Disbursements	(324,058)	(87,824)	(37,572)
Total	<u>\$ (515,848)</u>	<u>\$ 28,259</u>	<u>\$ -</u>
Cash Balance Carried Forward to FY 2003	<u>\$ (515,848)</u>	<u>\$ 28,259</u>	<u>\$ -</u>

Note 22 – Restatement of Beginning Fund Balances

The general fund balance at July 1, 2001 was restated by \$679,310 to effect the elimination of the nonexpendable trust fund which was incorrectly established in fiscal 1997. The amount is included in the unsecured, undesignated balance in the general fund.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2002
(Non-GAAP Basis)**

Federal Grantor/Pass Through Grantor Program Title	Project Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Grants to Local Educational Agencies (ESEA Title II)	050963-MS-S1-2002	84.281	\$ 2,095	\$ -	\$ 239	\$ -
Adult Basic and Literacy Education	050963-AB-S1-2002	84.002	85,000	-	85,000	-
	050963-AB-S1-2001C	84.002	15,136	-	15,136	-
	050963-AB-S1-2001	84.002	16,872	-	1,023	-
Vocational Education Basic Grant/Perkins	2002	84.048	391,550	-	300,359	-
	2001	84.048	122,937	-	115,906	-
	2000	84.048	2,317	-	2,317	-
		84.048	20,470	-	5,850	-
Title VI Innovative Education Program Strategies		84.298	4,747	-	4,747	-
Total Department of Education			661,124	-	530,577	-
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
National School Lunch Program		10.555	21,186	-	21,186	-
National School Breakfast Program		10.553	3,662	-	3,662	-
Food Distribution Program		10.550	-	7,354	-	7,246
Total Department of Agriculture and Nutrition Cluster			24,848	7,354	24,848	7,246
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education</i>						
High Schools That Work		17.249	8,907	-	8,907	-
Total Department of Labor			8,907	-	8,907	-
TOTAL FEDERAL ASSISTANCE			<u>\$ 694,879</u>	<u>\$ 7,354</u>	<u>\$ 564,332</u>	<u>\$ 7,246</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
*June 30, 2002***

Note 1 - Significant Accounting Policies

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

Note 2 - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had \$851 of food commodities in inventory.

STEYER & CO.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the general purpose financial statements of the Four County Career Center, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 30, 2002. 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 Four County Career Center's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2002-1 through 2002-10. We also noted certain immaterial instances of noncompliance that we have reported to management of Four County Career Center in a separate letter dated December 13, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-1 through 2002-10.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2002-1 and 2002-2 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated December 13, 2002.

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



STEYER & CO.

Defiance, Ohio
December 13, 2002

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Four County Career Center
Archbold, Ohio

Compliance

We have audited the compliance of the Four 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 each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Four County Career Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

A handwritten signature in cursive script that reads "Steyer & Co.".

STEYER & CO.

Defiance, Ohio
December 13, 2002

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? X yes no
Reportable condition(s) identified
not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements
noted? X yes no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes X no
Reportable condition(s) identified
not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section. 510(a)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Carl Perkins Vocational Education

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? X yes no

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

Section II - Financial Statement Findings

The results of our tests disclosed the following items that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

REPORTABLE CONDITIONS

Finding 2002-1 – Material Weakness

Generally accepted accounting principles provide that Expendable Trust Funds are used to account for assets a government holds in a trustee capacity for others that can be used for a specified purpose. The general fund accounts for all resources except those required to be accounted for in other funds. Additionally, Ohio Rev. Code §5705.10 states in part that revenue from sources other than general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

For several years the school has recorded receipts from contributions in lieu of taxes in an expendable trust fund. At June 30, 2002, the ending fund balance was \$774,818. The treasurer indicated that she was following a procedure established by a predecessor and that it was the desire of the Board of Education to segregate the funds. The June 30, 2002, general purpose financial statements were adjusted to properly reflect the funds in the General fund.

Subsequent to the end of the fiscal year, the Board resolved to segregate the contributions within the general fund.

Finding 2002-2 – Material Weakness

Generally accepted accounting principles provide that the general fund accounts for all resources except those required to be accounted for in other funds. Additionally, Ohio Rev. Code §5705.10 states in part that revenue derived from the general levy be paid into the general fund and that all revenue derived from a special levy be credited to a special fund for the purpose for which the levy was made.

During the year ended June 30, 2002, the school recorded \$29,845 of tax receipts for permanent improvements levy in the general fund and also recorded \$60,511 of tax receipts from the general levy in the permanent improvement fund. These errors were located during the audit and the June 30, 2002, general purpose financial statements were adjusted to properly reflect the receipts in the General and permanent improvement funds.

Finding 2002-3 – Reportable Condition

Complete and accurate recording and reporting of cash balances includes recognition of all funds to which the school is legally entitled too. During the audit it was determined that interest credited to certificates of deposit by banks on a periodic basis was not recorded as a receipt by the school. The result was a significant understatement of cash balances.

The treasurer indicated there was a procedure to record interest on accumulating certificates of deposit at maturity when statements are received from the bank regardless of when the banks credited their account.

It is recommended that procedures be revised so that interest is recorded consistent with the terms of the certificates in order to properly state assets and revenues.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

Finding 2002-4 – Reportable Condition

Management of fixed assets includes procedures that address the acquisition, use, maintenance and protection of assets. During the audit it was noted that the individual assigned the responsibility for handling the arrangements for equipment leases had discontinued employment. Contracts and records related to the leases could not be located.

We recommend that the treasurer maintain all contracts and records for leases. This will allow for accurate accounting of capital leases and correct and complete financial presentation.

Finding 2002-5 – Reportable Condition

During our review of controls and procedures in the food service area, we noted several weaknesses. The cafeteria cashiers prepare a daily cash report for their register. These reports are not reconciled to the cash register receipt tapes or cash deposits. There is a lack of segregation of duties where the manager controls the cash counts, sales reports and cash deposits. The manager also has sole control over inventory ordering, usage and reporting.

We recommend that the procedures in the food service area be reviewed and modified to provide that the cashiers sign their daily cash reports after they are reconciled to the cash register tapes, that the deposits are prepared by the cashiers, that the manager reconcile sales reports to bank deposit receipts, and that inventory ordering and reporting be reviewed by the treasurer.

Finding 2002-6 – Non-Compliance Citation

Ohio Rev. Code §135.08 requires that interim deposits such as certificates of deposit should not have maturities more than one year from the date of deposit or savings. Several instances were noted where certificates of deposit had a maturity date of longer than one year.

The treasurer should only make deposits of interim monies pursuant to the requirements of the Ohio Revised Code

Finding 2002-7 – Non-Compliance Citation

Ohio Rev. Code §5705.36 requires in part that an amended certificate of available resources be obtained when a deficiency of revenue reduces available resources below the current level of appropriations.

At June 30, 2002, the following funds had actual receipts below the amount certified as available by the budget commission and below the amount of appropriations:

	<u>Actual Receipts</u>	<u>Appropriations</u>	<u>Variances</u>
Expanded Enrollment	29,378	29,994	616
Adult Basic Ed FY02	230,919	231,437	518
Food Services	339,176	408,659	69,483
WIA FY02	183,836	192,550	8,664

The treasurer should monitor appropriations and actual receipts throughout the fiscal year and obtain an amended certificate as needed for compliance with the requirements of the Ohio Revised Code.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

Finding 2002-8 – Non-Compliance Citation

Ohio Rev. Code §5705.39 requires in part that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission.

At June 30, 2002, the following funds had appropriations in excess of the amount certified as available by the budget commission:

	Estimated Resources	Appropriations	Variances
Maumee Valley Tech Prep	\$ 9,958	\$ 10,000	\$ 42
Career Development Grant FY01	-	3,140	3,140
Career Development Grant FY02	53,896	54,837	941
Onenet	3,000	3,500	500
Maumee Valley Tech Prep FY02	10,000	16,400	6,400
Safe School Help Line	-	1,508	1,508
Information Tech Prep Grant		10,000	10,000
5 th Qtr Agriculture	-	11,999	11,999
Carl Perkins FY02	364,574	383,291	18,717
Career Academy	5,000	10,000	5,000
Accreditation Resource	20,470	24,082	3,612
Title IV FY02	-	4,116	4,116
Vocational Education Equipment	79,677	160,000	80,323
Food Services	363,861	408,659	44,798

The treasurer should monitor appropriations and estimated revenue throughout the fiscal year and obtain an amended certificate as needed for compliance with the requirements of the Ohio Revised Code.

Finding 2002-9 – Non-Compliance Citation

Ohio Rev. Code §5705.41 (B), provides that money should not be expended unless it has been appropriated.

During the year ended June 30, 2002, the school had instances where expenditures were in excess of appropriations at the legal level of control:

General	\$ 177
Special Revenue	253
Enterprise	78
Capital Projects	7
Agency	20
Internal Service	2
Debt Service	1
Total Instances	<u>\$ 538</u>

The treasurer should compare all requisitions to available appropriations and to available cash balances. No expenditure should be made until appropriations have been modified in compliance with the requirements of the Ohio Revised Code.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

Finding 2002-10 – Non-Compliance Citation

Ohio Rev. Code §5705.14 states that money may be transferred from the general fund to any other fund of the subdivision. Transfers from the general fund require a resolution passed by a simple majority of board members.

The current and previous treasurers transferred funds from the general fund without the approval of the Board as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 189,286	\$ 224,034
Debt Service	603	-
Special Revenue	33,511	-
Agency Funds	634	-

The treasurer should have all transfers approved by the Board pursuant to the requirements of the Ohio Revised Code prior to making the transfers on the books.

Section III - Federal Award Findings and Questioned Costs

The results of our tests disclosed no findings or questioned costs that are required to be reported under Circular A-133, Section.510(a).

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Action Taken</u>
2001-1	Expenditures exceeded appropriations	No	Problem still existed throughout the fiscal year. However, there were no funds at June 30, 2002 where expenditures exceeded appropriations.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2002**

<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2002-1	All revenue and expenditures for the Expendable Trust Fund have been transferred to the General Fund.	June 30, 2003	Lois A. Knuth
2002-2	Procedures will be developed that will correct this situation.	June 30, 2003	Lois A. Knuth
2002-3	All interest will be recorded when information is received from the bank.	June 30, 2003	Lois A. Knuth
2002-4	All contracts and supporting documentation are now signed by the Treasurer and copies are kept in the Treasurer's office.	June 30, 2003	Lois A. Knuth
2002-5	New equipment was purchased to help with the counting of money and printing of reports. The procedures are being monitored.	June 30, 2003	Lois A. Knuth
2002-6	All future deposits will be in compliance.	June 30, 2003	Lois A. Knuth
2002-7	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth
2002-8	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth
2002-9	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth
2002-10	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

GENERAL COMMENTS

The audit report, including citations and recommendations, was reviewed with and acknowledged by the following officials on January 8, 2003.

Harley Flory
Lois A. Knuth

President, Board of Education
Treasurer

They were informed that officials had five working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. No written response was received.

District personnel were cooperative and available for questions and assistance during regular working hours. Records were very well organized and maintained.



**Auditor of State
Betty Montgomery**

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FOUR COUNTY CAREER CENTER

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2003**