

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

DBA PENTA CAREER CENTER

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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Board of Education
Penta County Vocational School District
Perrysburg, Ohio

We have reviewed the Independent Auditor's Report of the Penta County Vocational School District, Wood County, prepared by Weber O'Brien, Ltd., 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 Penta County Vocational School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 27, 2003

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER

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PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 30095 Oregon Road
 Perrysburg, Ohio 43551

**ELECTED OFFICIALS AND
 ADMINISTRATIVE PERSONNEL
 AS OF JUNE 30, 2002**

<u>Name</u>	<u>Title</u>	<u>Term of Office or Contract Period</u>	<u>Surety</u>	<u>Amount</u>
BOARD OF EDUCATION				
Penelope Getz	President	1/01/02 to 12/31/03	(A)	\$20,000
Judith Sander	Vice President	1/01/02 to 12/31/03	-	-
Ellen Dalton	Member	1/01/02 to 12/31/03	-	-
Judy Hansen	Member	1/01/01 to 12/31/02	-	-
Sandy Bringman	Member	4/11/01 to 12/31/02	-	-
Kathy Limes	Member	1/01/01 to 12/31/02	-	-
Pat Curtin	Member	1/01/01 to 12/31/02	-	-
Randall Dixon	Member	1/01/02 to 12/31/03	-	-
Rex Palmer	Member	1/01/02 to 12/31/03	-	-
Mark Schoenlein	Member	1/01/02 to 12/31/02	-	-
Michael Spahr	Member	1/01/02 to 12/31/03	-	-

LEGAL COUNSEL

Cooper & Walinski
 900 Adams Street
 P.O. Box 1568
 Toledo, Ohio 43603

ADMINISTRATIVE PERSONNEL

Fred Susor	Superintendent	8/01/00 to 7/31/03	(A)	\$20,000
Carrie Herringshaw	Treasurer	1/12/00 to Organizational Meeting 2004	(A)	\$100,000

(A) Nationwide Insurance

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER

INDEX OF FUNDS

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund
Special Rotary Fund
Local Grants Fund
Media Materials Fund

Special Revenue Fund Type:

Adult Education Fund
Adult Basic Literacy Education Fund
Bureau of Vocational Rehabilitation Contract Services Fund
Career Development Fund
Education Management Information System (EMIS) Fund
Eisenhower Professional Development Fund
Goals 2000 Grant Fund
Jobs Grant Fund
School-To-Work Fund
Professional Development Block Grant Fund
Supplemental Educational Opportunity Grant (SEOG) Fund
Skill Center Food Service Fund
Title VI Innovative Education Fund
Tech Preparation Expanded Enrollment Fund
UAW Ford Fund
Vocational Education Fund
Wellness Block Grant Fund
IVDL Grant Fund
OneNet Grant Fund
School Net Professional Development Fund

Capital Projects Fund Type:

Permanent Improvements Fund

PROPRIETARY FUND TYPE:

Enterprise Fund Type:

High School Food Service Fund
Uniform School Supplies Fund

FIDUCIARY FUND TYPE:

Trust and Agency Fund Types:

Expendable Trust Funds:

Harpster Trust Fund
Adult Education SBM
Graphics Trust Fund
Ayes Tool Scholarship Fund

Nonexpendable Trust Funds:

Hirzel Scholarship Foundation Fund

Agency Funds:

Pell Grant Fund
Maumee Valley Computer Association (MAVCA) Fund
Student Activities Fund

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INDEPENDENT AUDITORS' REPORT

Board of Education
Penta County Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have audited the accompanying general-purpose financial statements of the Penta County Vocational School District, dba Penta Career Center ("Career Center"), an Ohio Vocational School 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 Career Center'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Penta County Vocational School District, dba Penta Career Center, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 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 Penta County Vocational School District, dba Penta Career Center, 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. 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.

Weber · O'Brien Ltd.

December 11, 2002

Penta County Vocational School District
 dba Penta Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency
<u>Assets and Other Debits:</u>					
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$3,272,176	\$278,175	\$10,401,196	\$2,279	\$134,658
Receivables:					
Property Taxes	9,162,086	0	0	0	0
Accounts	27,409	0	0	0	0
Intergovernmental	58,598	207,802	0	0	0
Interfund	150,790	0	0	0	0
Accrued Interest	32,716	0	0	0	0
Inventory Held for Resale	0	0	0	11,458	0
Materials and Supplies Inventory	24,687	0	0	3,291	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	80,241	0	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	26,143	0
<u>Other Debits:</u>					
Amount to be Provided from General Governmental Resources	0	0	0	0	0
Total Assets and Other Debits	\$12,808,703	\$485,977	\$10,401,196	\$43,171	\$134,658
<u>Liabilities, Fund Equity, and Other Credits:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$392,025	\$4,997	\$0	\$0	\$1,727
Contracts Payable	0	0	48,783	0	0
Accrued Wages and Benefits	1,643,995	57,960	0	8,745	0
Compensated Absences Payable	141,571	4,313	0	21,183	0
Intergovernmental Payable	248,203	33,519	0	6,628	0
Interfund Payable	0	150,790	0	0	0
Deferred Revenue	8,387,378	166,345	0	0	0
Due to Students	0	0	0	0	55,400
General Obligation Bonds Payable	0	0	0	0	0
Total Liabilities	10,813,172	417,924	48,783	36,556	57,127
<u>Fund Equity and Other Credits:</u>					
Investment in General Fixed Assets	0	0	0	0	0
Retained Earnings:					
Unreserved (Deficit)	0	0	0	(1,956)	0
Contributed Capital	0	0	0	8,571	0
Fund Balance:					
Reserved for Property Taxes	727,862	0	0	0	0
Reserved for Encumbrances	259,867	68,493	126,717	0	1,392
Reserved for Inventory	24,687	0	0	0	0
Reserved for Endowment	0	0	0	0	55,292
Reserved for Budget Stabilization	80,241	0	0	0	0
Unreserved:					
Designated for Budget Stabilization	256,689	0	0	0	0
Undesignated (Deficit)	646,185	(440)	10,225,696	0	20,847
Total Fund Equity and Other Credits	1,995,531	68,053	10,352,413	6,615	77,531
Total Liabilities, Fund Equity, and Other Credits	\$12,808,703	\$485,977	\$10,401,196	\$43,171	\$134,658

See Accompanying Notes to the General Purpose Financial Statements

Account Groups		
General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
\$0	\$0	\$14,088,484
0	0	9,162,086
0	0	27,409
0	0	266,400
0	0	150,790
0	0	32,716
0	0	11,458
0	0	27,978
0	0	80,241
22,085,403	0	22,111,546
0	5,631,563	5,631,563
<u>\$22,085,403</u>	<u>\$5,631,563</u>	<u>\$51,590,671</u>

\$0	\$0	\$398,749
0	0	48,783
0	0	1,710,700
0	2,129,234	2,296,301
0	2,329	290,679
0	0	150,790
0	0	8,553,723
0	0	55,400
0	3,500,000	3,500,000
0	5,631,563	17,005,125
22,085,403	0	22,085,403
0	0	(1,956)
0	0	8,571
0	0	727,862
0	0	456,469
0	0	24,687
0	0	55,292
0	0	80,241
0	0	256,689
0	0	10,892,288
22,085,403	0	34,585,546
<u>\$22,085,403</u>	<u>\$5,631,563</u>	<u>\$51,590,671</u>

Penta County Vocational School District
 dba Penta Career Center
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
<u>Revenues:</u>					
Property Taxes	\$9,287,227	\$0	\$0	\$0	\$9,287,227
Intergovernmental	10,299,596	1,121,437	0	0	11,421,033
Interest	234,922	0	309,657	107	544,686
Tuition and Fees	16,138	503,467	0	0	519,605
Gifts and Donations	130,359	0	0	3,462	133,821
Customer Services	296,255	68,384	0	0	364,639
Miscellaneous	77,020	13,746	0	0	90,766
Total Revenues	20,341,517	1,707,034	309,657	3,569	22,361,777
<u>Expenditures:</u>					
<u>Current:</u>					
<u>Instruction:</u>					
Regular	452,897	0	0	0	452,897
Special	849,577	0	0	0	849,577
Vocational	9,565,455	83,901	0	0	9,649,356
Adult/Continuing	123,603	859,773	0	0	983,376
<u>Support Services:</u>					
Pupils	1,617,299	436,614	0	0	2,053,913
Instructional Staff	1,590,623	201,119	0	0	1,791,742
Board of Education	53,776	0	0	0	53,776
Administration	1,185,580	265,334	0	0	1,450,914
Fiscal	402,173	0	0	0	402,173
Operation and Maintenance of Plant	1,973,209	0	0	0	1,973,209
Central	165,139	13,000	0	0	178,139
Non-Instructional Services	244,065	110,255	0	0	354,320
Extracurricular Activities	0	0	0	5,367	5,367
Capital Outlay	0	0	172,748	0	172,748
<u>Debt Service:</u>					
Interest and Fiscal Charges	0	0	68,658	0	68,658
Total Expenditures	18,223,396	1,969,996	241,406	5,367	20,440,165
Excess of Revenues Over (Under) Expenditures	2,118,121	(262,962)	68,251	(1,798)	1,921,612
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Bonds	0	0	3,500,000	0	3,500,000
Operating Transfers In	0	228,125	2,000,000	0	2,228,125
Operating Transfers Out	(2,238,320)	0	0	0	(2,238,320)
Total Other Financing Sources (Uses)	(2,238,320)	228,125	5,500,000	0	3,489,805
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(120,199)	(34,837)	5,568,251	(1,798)	5,411,417
Fund Balances at Beginning of Year	2,115,730	102,890	4,784,162	12,265	7,015,047
Fund Balances at End of Year	\$1,995,531	\$68,053	\$10,352,413	\$10,467	\$12,426,464

See Accompanying Notes to the General Purpose Financial Statements

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Penta County Vocation School District
 dba Penta Career Center
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2002

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$10,079,514	\$9,168,740	(\$910,774)	\$0	\$0	\$0
Intergovernmental	10,230,772	10,300,744	69,972	1,151,545	1,110,108	(41,437)
Interest	200,000	240,017	40,017	0	0	0
Tuition and Fees	16,500	16,138	(362)	470,000	503,467	33,467
Gifts and Donations	130,750	130,359	(391)	0	0	0
Customer Services	314,775	310,647	(4,128)	66,020	68,384	2,364
Miscellaneous	34,300	76,970	42,670	20,000	13,746	(6,254)
Total Revenues	<u>21,006,611</u>	<u>20,243,615</u>	<u>(762,996)</u>	<u>1,707,565</u>	<u>1,695,705</u>	<u>(11,860)</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	458,467	440,751	17,716	0	0	0
Special	776,578	793,683	(17,105)	0	0	0
Vocational	9,988,865	9,478,896	509,969	97,204	97,228	(24)
Adult/Continuing	120,714	116,971	3,743	894,540	862,761	31,779
Support Services:						
Pupils	1,776,745	1,585,181	191,564	474,240	462,626	11,614
Instructional Staff	1,521,874	1,619,877	(98,003)	232,597	213,590	19,007
Board of Education	47,898	54,414	(6,516)	0	0	0
Administration	1,303,869	1,214,066	89,803	283,926	258,346	25,580
Fiscal	433,673	401,155	32,518	0	0	0
Operation and Maintenance of Plant	2,351,169	2,023,764	327,405	0	0	0
Central	184,775	180,087	4,688	14,553	14,453	100
Non-Instructional Services	289,010	274,916	14,094	112,235	112,235	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>19,253,637</u>	<u>18,183,761</u>	<u>1,069,876</u>	<u>2,109,295</u>	<u>2,021,239</u>	<u>88,056</u>
Excess of Revenues Over (Under) Expenditures	<u>1,752,974</u>	<u>2,059,854</u>	<u>306,880</u>	<u>(401,730)</u>	<u>(325,534)</u>	<u>76,196</u>
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Bonds	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	50	50	0	0	0
Refund of Prior Year Receipts	0	0	0	(11,818)	(11,818)	0
Other Financing Uses	(200,000)	0	200,000	0	0	0
Advances In	149,311	119,605	(29,706)	0	150,790	150,790
Advances Out	(169,361)	(150,790)	18,571	0	(119,605)	(119,605)
Operating Transfers In	0	0	0	227,696	228,125	429
Operating Transfers Out	(2,250,000)	(2,238,320)	11,680	0	0	0
Total Other Financing Sources (Uses)	<u>(2,470,050)</u>	<u>(2,269,455)</u>	<u>200,595</u>	<u>215,878</u>	<u>247,492</u>	<u>31,614</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(717,076)</u>	<u>(209,601)</u>	<u>507,475</u>	<u>(185,852)</u>	<u>(78,042)</u>	<u>107,810</u>
Fund Balances at Beginning of Year	2,443,381	2,443,381	0	198,474	198,474	0
Prior Year Encumbrances Appropriated	505,339	505,339	0	76,871	76,871	0
Fund Balances at End of Year	<u>\$2,231,644</u>	<u>\$2,739,119</u>	<u>\$507,475</u>	<u>\$89,493</u>	<u>\$197,303</u>	<u>\$107,810</u>

See Accompanying Notes to the General Purpose Financial Statements

Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$10,079,514	\$9,168,740	(\$910,774)
0	0	0	0	0	0	11,382,317	11,410,852	28,535
350,000	309,657	(40,343)	92	107	15	550,092	549,781	(311)
0	0	0	0	0	0	486,500	519,605	33,105
0	0	0	3,400	3,462	62	134,150	133,821	(329)
0	0	0	0	0	0	380,795	379,031	(1,764)
0	0	0	0	0	0	54,300	90,716	36,416
<u>350,000</u>	<u>309,657</u>	<u>(40,343)</u>	<u>3,492</u>	<u>3,569</u>	<u>77</u>	<u>23,067,668</u>	<u>22,252,546</u>	<u>(815,122)</u>
0	0	0	0	0	0	458,467	440,751	17,716
0	0	0	0	0	0	776,578	793,683	(17,105)
0	0	0	0	0	0	10,086,069	9,576,124	509,945
0	0	0	0	0	0	1,015,254	979,732	35,522
0	0	0	0	0	0	2,250,985	2,047,807	203,178
0	0	0	0	0	0	1,754,471	1,833,467	(78,996)
0	0	0	0	0	0	47,898	54,414	(6,516)
0	0	0	0	0	0	1,587,795	1,472,412	115,383
0	0	0	0	0	0	433,673	401,155	32,518
100,000	0	100,000	0	0	0	2,451,169	2,023,764	427,405
0	0	0	0	0	0	199,328	194,540	4,788
0	0	0	0	0	0	401,245	387,151	14,094
0	0	0	6,836	6,758	78	6,836	6,758	78
1,622,964	299,464	1,323,500	0	0	0	1,622,964	299,464	1,323,500
<u>68,700</u>	<u>68,658</u>	<u>42</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>68,700</u>	<u>68,658</u>	<u>42</u>
<u>1,791,664</u>	<u>368,122</u>	<u>1,423,542</u>	<u>6,836</u>	<u>6,758</u>	<u>78</u>	<u>23,161,432</u>	<u>20,579,880</u>	<u>2,581,552</u>
<u>(1,441,664)</u>	<u>(58,465)</u>	<u>1,383,199</u>	<u>(3,344)</u>	<u>(3,189)</u>	<u>155</u>	<u>(93,764)</u>	<u>1,672,666</u>	<u>1,766,430</u>
3,500,000	3,500,000	0	0	0	0	3,500,000	3,500,000	0
0	0	0	0	0	0	0	50	50
0	0	0	0	0	0	(11,818)	(11,818)	0
0	0	0	0	0	0	(200,000)	0	200,000
0	0	0	0	0	0	149,311	270,395	121,084
0	0	0	0	0	0	(169,361)	(270,395)	(101,034)
1,991,046	2,000,000	8,954	0	0	0	2,218,742	2,228,125	9,383
0	0	0	0	0	0	(2,250,000)	(2,238,320)	11,680
<u>5,491,046</u>	<u>5,500,000</u>	<u>8,954</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,236,874</u>	<u>3,478,037</u>	<u>241,163</u>
4,049,382	5,441,535	1,392,153	(3,344)	(3,189)	155	3,143,110	5,150,703	2,007,593
4,711,197	4,711,197	0	11,028	11,028	0	7,364,080	7,364,080	0
72,964	72,964	0	1,237	1,237	0	656,411	656,411	0
<u>\$8,833,543</u>	<u>\$10,225,696</u>	<u>\$1,392,153</u>	<u>\$8,921</u>	<u>\$9,076</u>	<u>\$155</u>	<u>\$11,163,601</u>	<u>\$13,171,194</u>	<u>\$2,007,593</u>

Penta County Vocational School District
 dba Penta Career Center
 Combined Statement of Revenues, Expenses,
 and Changes in Fund Equity
 Proprietary Fund Type and Nonexpendable Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<u>Operating Revenues:</u>			
Sales	\$321,480	\$0	\$321,480
Interest	0	2,821	2,821
Gifts and Donations	0	6,880	6,880
Total Operating Revenues	<u>321,480</u>	<u>9,701</u>	<u>331,181</u>
<u>Operating Expenses:</u>			
Salaries	141,480	0	141,480
Fringe Benefits	31,798	0	31,798
Purchased Services	1,430	0	1,430
Materials and Supplies	7,782	0	7,782
Cost of Sales	194,173	0	194,173
Other Operating Expenses	275	2,122	2,397
Depreciation	5,201	0	5,201
Total Operating Expenses	<u>382,139</u>	<u>2,122</u>	<u>384,261</u>
Operating Income (Loss)	<u>(60,659)</u>	<u>7,579</u>	<u>(53,080)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	15,362	0	15,362
Operating Grants	32,173	0	32,173
Total Non-Operating Revenues	<u>47,535</u>	<u>0</u>	<u>47,535</u>
Income (Loss) Before Operating Transfers	(13,124)	7,579	(5,545)
Operating Transfers In	<u>10,195</u>	<u>0</u>	<u>10,195</u>
Net Income (Loss)	(2,929)	7,579	4,650
Depreciation on Fixed Assets Acquired by Contributed Capital	418	0	418
Retained Earnings/Fund Balance at Beginning of Year (Restated - Note 3)	<u>555</u>	<u>59,485</u>	<u>60,040</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	<u>(1,956)</u>	<u>67,064</u>	<u>65,108</u>
Contributed Capital at Beginning of Year	8,989	0	8,989
Depreciation on Fixed Assets Acquired by Contributed Capital	(418)	0	(418)
Contributed Capital at End of Year	<u>8,571</u>	<u>0</u>	<u>8,571</u>
Total Fund Equity at End of Year	<u>\$6,615</u>	<u>\$67,064</u>	<u>\$73,679</u>

See Accompanying Notes to the General Purpose Financial Statements

Penta County Vocational School District
 dba Penta Career Center
 Combined Statement of Cash Flows
 Proprietary Fund Type and Nonexpendable Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$321,480	\$0	\$321,480
Cash Received from Gifts and Donations	0	6,880	6,880
Cash Payments for Salaries	(118,663)	0	(118,663)
Cash Payments for Fringe Benefits	(45,031)	0	(45,031)
Cash Payments for Goods and Services	(197,600)	0	(197,600)
Cash Payments for Other Expenses	(275)	(2,122)	(2,397)
Net Cash Provided by (Used for) Operating Activities	<u>(40,089)</u>	<u>4,758</u>	<u>(35,331)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	32,173	0	32,173
Cash Received from Operating Transfers In	10,195	0	10,195
Net Cash Provided by Noncapital Financing Activities	<u>42,368</u>	<u>0</u>	<u>42,368</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	0	2,821	2,821
Net Increase in Cash and Cash Equivalents	2,279	7,579	9,858
Cash and Cash Equivalents at Beginning of Year	0	59,485	59,485
Cash and Cash Equivalents at End of Year	<u>\$2,279</u>	<u>\$67,064</u>	<u>\$69,343</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$60,659)	\$7,579	(\$53,080)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Depreciation	5,201	0	5,201
Donated Commodities Received During Year	15,362	0	15,362
Interest Reported as Operating Income	0	(2,821)	(2,821)
<u>Changes in Assets and Liabilities:</u>			
Increase in Inventory Held for Resale	(7,261)	0	(7,261)
Increase in Materials and Supplies Inventory	(2,114)	0	(2,114)
Decrease in Accounts Payable	(202)	0	(202)
Increase in Accrued Wages and Benefits	6,341	0	6,341
Increase in Compensated Absences Payable	1,912	0	1,912
Increase in Intergovernmental Payable	1,331	0	1,331
Total Adjustments	<u>20,570</u>	<u>(2,821)</u>	<u>17,749</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$40,089)</u>	<u>\$4,758</u>	<u>(\$35,331)</u>
<u>Noncash Transactions:</u>			
During fiscal year 2002, the Food Service enterprise fund received \$15,362 in donated commodities.			
<u>Reconciliation of Trust and Agency Funds:</u>			
Cash and Cash Equivalents - All Fiduciary Fund Types		\$134,658	
Cash and Cash Equivalents - Agency Funds		(57,127)	
Cash and Cash Equivalents - Expendable Trust Funds		(10,467)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		<u>\$67,064</u>	

See Accompanying Notes to the General Purpose Financial Statements

Penta County Vocational School District
dba Penta Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

Penta County Vocational School District, dba Penta Career Center (the "Career Center"), is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one member from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and two members from each of the most populous counties: Lucas and Wood. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established on June 15, 1964. The Career Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. It is staffed by eighty-eight classified employees and two hundred thirteen certified teaching personnel who provide services to one thousand five hundred eighty-nine students and other community members. The Career Center currently operates five instructional buildings.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure the financial statements are not misleading. The Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For Penta Career Center, this includes general operations, food service, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organizations' resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Penta Career Center.

The Career Center participates in two jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Wood County Insurance Consortium, and the Ohio School Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Penta 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 Career Center 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. Following are the more significant of the Career Center's accounting policies.

Penta County Vocational School District
dba Penta Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A. Basis of Presentation - Fund Accounting

The Career Center uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the Career Center are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types

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

General Fund - The General Fund is the operating fund of the Career Center 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 Career Center 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 major capital projects and expendable trusts) that are legally restricted to expenditure for specified purposes.

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

Proprietary Fund Type

Proprietary funds are used to account for the Career Center's ongoing activities which are similar to those found in the private sector. The following is the Career Center's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for activities 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.

Penta County Vocational School District
dba Penta Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Fiduciary Fund Types

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

Account Groups

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Career Center, except those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the Career Center, except those accounted for in proprietary funds or trust 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 proprietary fund type and nonexpendable trust fund are accounted for using 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. Operating statements of these funds 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 fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund type and nonexpendable trust fund.

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

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Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in 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 by fund 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 for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at function level within all funds are made by the Career Center Treasurer.

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.

Penta County Vocational School District
dba Penta Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 Wood County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Career Center. The total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control.

The Board may pass supplemental fund appropriations as 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 appropriation resolutions were legally enacted.

The budget figures which appear on the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. 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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and nonexpendable trust fund.

Penta County Vocational School District
dba Penta Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Lapsing of Appropriations

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

D. Cash and Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2002, the Career Center's investments included non-negotiable certificates of deposit, repurchase agreements, and STAR Ohio. Non-negotiable certificates of deposit and repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 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 during fiscal year 2002 was \$234,922, which included \$8,828 assigned from other Career Center funds.

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 initial maturity of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

E. Inventory

Inventory is presented at the lower of cost or market on a first-in, first-out basis and is expensed/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

F. 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 reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Career Center maintains a capitalization threshold of five thousand dollars. The Career Center does not have any infrastructure.

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

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Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

G. Interfund Assets/Liabilities

Short-term interfund loans are classified as “Interfund Receivables/Payables”.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center’s past experience of making termination payments.

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

I. 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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Bonds are reported as liabilities in the general long-term obligations account group until due.

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

J. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary funds prior to fiscal year 2001 that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

Capital contributions received from other governments and private sources subsequent to fiscal year 2000 are recorded as revenues and reported as retained earnings. Contributions from other funds continue to be reported as contributed capital.

Penta County Vocational School District
dba Penta Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

K. Fund Balance Reserves

The Career Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, materials and supplies inventory, encumbrances, budget stabilization and endowment.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for the endowment signifies legal restrictions on the use of principal in the nonexpendable trust fund.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Use of Estimates

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

N. 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 - CHANGE IN ACCOUNTING ESTIMATE

The Career Center changed its capitalization limit from \$500 to \$5,000 effective July 1, 2001. The change in capitalization policy is reported as a change in accounting estimate based on inflationary effects on asset costs over time and a perceived lack of future economic benefit to be derived from deferring the lists of smaller dollar fixed assets. As a result of this change in estimate, the General Fixed Asset Account Group beginning balance was reduced by \$4,064,106. The General Fixed Assets Account Group balance at July 1, 2001 has been restated from \$25,546,140 to \$21,482,034.

The Career Center also applied this new capitalization level to proprietary funds. This new capitalization level resulted in the following change to the beginning retained earnings balance in the enterprise funds:

Retained earnings June 30, 2001	\$9,165
Restatement of fixed assets	(8,610)
Retained earnings June 30, 2001 restated	<u>\$ 555</u>

Penta County Vocational School District
dba Penta Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had deficit fund balances/retained earnings at June 30, 2002:

<u>Fund Type/Fund</u>	<u>Deficit</u>
Special Revenue Funds	
Food Service Skill Center	\$583
Miscellaneous State	3,275
Vocational Education	85,553
Adult Basic Literacy Education	19,624
Enterprise Fund	
Food Service	1,956

The deficits in the special revenue funds resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit fund balances; however, this is done when cash is needed rather than when accruals occur.

The deficit retained earnings in the Food Service enterprise fund is the result of accumulated operating losses from prior years. The fund is subsidized by the General Fund as needed. The Career Center is reviewing the operation of this fund.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and nonexpendable trust fund (GAAP basis).

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 Notes to the General Purpose Financial Statements
 For the Fiscal Year Ended June 30, 2002

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

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

	Governmental Fund Types			Expendable Trust
	General	Special Revenue	Capital Projects	
GAAP Basis	(\$120,199)	(\$34,837)	\$5,568,251	(\$1,798)
Revenue Accruals	(111,086)	(11,329)	0	0
Expenditure Accruals	657,218	17,811	48,784	0
Other	(635,534)	(49,687)	(175,500)	(1,391)
Budget Basis	(\$209,601)	(\$78,042)	\$5,441,535	(\$3,189)

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Career Center 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 Career Center Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five 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 passbook accounts.

Protection of the Career Center'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 bills, bonds, notes, 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 obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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) 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 eighty days in an amount not to exceed 25 percent of interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated 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 Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the Career Center had \$940 in undeposited cash on hand which is included on the balance sheet of the Career Center 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 No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the Career Center's deposits was \$13,945,352 and the bank balance was \$14,351,246. Of the bank balance \$200,000 was covered by federal depository insurance, and \$1,000,000 was covered by surety bonds. The remaining amount was collateralized by pooled securities. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

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The Career Center's investments are categorized to give an indication of the level of risk assumed by the Career Center at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the Career Center or its agent in the Career Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Career Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Career Center's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$217,440	\$217,440	\$217,440
STAR Ohio		4,971	4,971
Totals	\$217,440	\$222,411	\$222,411

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$14,168,725	\$0
Cash on Hand	(940)	0
Investments:		
Repurchase Agreements	(217,440)	217,440
STAR Ohio	(4,971)	4,971
GASB Statement No. 3	\$13,945,374	\$222,411

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the Career Center's fiscal year runs from July through June. First-half tax distributions are received by the Career Center in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the area served by the Career Center. Real and public utility property tax revenues received in calendar year 2002 represent the collection of calendar year 2001 taxes. Real property taxes for calendar year 2002 were levied after April 1, 2001, on the assessed values as of January 1, 2001, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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.

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Public utility real and tangible personal property taxes received in calendar year 2002 were levied after April 1, 2002, on the assessed values as of December 31, 2001, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes received in calendar year 2002 were levied after April 1, 2002, on the value as of December 31, 2001. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30. This year the settlement was delayed beyond fiscal year end.

The Career Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties 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 represents delinquent taxes outstanding, the late personal property tax settlement, and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2002, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 and the delayed personal property tax settlement are intended to finance current fiscal year operations and are recognized as revenue at fiscal year end. The receivable is 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 \$727,862 in the General Fund. The late tax settlement for fiscal year 2002 was \$57,248 in the General Fund. Following are the assessed values:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$3,870,499,000	77.65%	\$3,973,041,640	81.67%
Public Utility	508,023,930	10.19	234,274,990	4.82
Tangible Personal	605,899,617	12.16	657,237,709	13.51
Total Assessed Value	<u>\$4,984,422,547</u>	<u>100.00%</u>	<u>\$4,864,554,339</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.00		\$2.20	

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NOTE 8 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, interfund, and accrued interest. 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. Accounts receivable at June 30 were \$27,409. A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Vocational Equipment Reimbursement	\$56,546
Lucas County Metropolitan Housing Authority	2,052
Total General Fund	58,598
Special Revenue Funds	
Adult Education	43,034
SchoolNet Professional Development	3,450
Miscellaneous State	25,080
Eisenhower	412
Vocational Education	88,513
Adult Basic Literacy Education	42,156
Title VI	5,157
Total Special Revenue Funds	207,802
Total Intergovernmental Receivables	\$266,400

NOTE 9 - FIXED ASSETS

A summary of the proprietary funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$87,404
Less Accumulated Depreciation	(61,261)
Net Fixed Assets	\$26,143

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A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Restated Balance at 6/30/01	Additions	Reductions	Balance at 6/30/02
Land and Improvements	\$4,306,478	\$6,142	\$0	\$4,312,620
Buildings and Improvements	14,014,842	260,485	0	14,275,327
Furniture, Fixtures, and Equipment	2,351,575	313,706	88,262	2,577,019
Vehicles	809,139	111,298	0	920,437
Totals	\$21,482,034	\$691,631	\$88,262	\$22,085,403

NOTE 10 - INTERFUND ASSETS/LIABILITIES

At June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$150,790	\$0
Special Revenue Funds		
Miscellaneous State	0	25,080
Vocational Education	0	88,513
Adult Basic Literacy Education	0	36,816
Title VI	0	381
Total Special Revenue Funds	0	150,790
Totals	\$150,790	\$150,790

NOTE 11 - RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the Career Center contracted for the following insurance coverage:

Coverage with Philadelphia Indemnity Insurance	
Building and Contents - Replacement Cost	\$35,264,800
EDP Coverage	
Hardware	2,400,653
Software	100,000
Extra Expense	30,000

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Miscellaneous Equipment	353,581
Commercial Crime	\$50,000
Crime	
Inside Premises	10,000
Outside Premises	5,000
Automotive Liability	1,000,000
Medical Payments Per Person	5,000
Garagekeeper	120,000
Coverage with Travelers Property Casualty	
Boiler and Machinery	10,000,000
Coverage with Ohio School Plan	
General Liability	
Per Occurrence	1,000,000
Aggregate	3,000,000
Coverage with Twin City Fire Insurance	
Excess Liability - Per Occurrence and in Aggregate	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior fiscal year, except a reduction in the aggregate limit from \$13,004,300 to \$10,000,000 on the boiler and machinery liability and from \$2,000,000 to \$1,000,000 on the automotive liability policy.

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Co., provides administrative, cost control, and actuarial services to the Plan.

The Career Center participates in the Wood County Insurance Consortium (WCIC), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. The Career Center pays monthly premiums to the WCIC for medical and dental benefits. Upon withdrawal from the WCIC, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2002, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance

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coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the Career Center is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2002. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Career Center's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$1,358,031, \$1,343,344, and \$1,266,359, respectively; 85 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$210,149, is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Career Center is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. 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 Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$269,793, \$239,265, and \$227,396, respectively; 93 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$18,767, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers

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Retirement System/School Employees Retirement System. As of June 30, 2002, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

The Career Center 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 Career Center, this amount was \$436,510.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million 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 8.54 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 2002, the minimum pay was established at \$12,400. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$169,066 for fiscal year 2002.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expense for health care for the fiscal year ended June 30, 2002, was \$182,946,777 and the target level was \$274.4 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators earn twenty-one days of vacation per year. Accumulated unused vacation time is

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paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred seventy-five days for teachers, administrators, and administrative support staff, and two hundred seventy days for classified employees. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of sixty-eight and three-fourths days for teachers, administrators, and administrative support staff, and sixty-six and one fourth days for classified employees.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Wood County Insurance Consortium. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during fiscal year 2002 were as follows:

	Balance at 6/30/01	Additions	Reductions	Balance at 6/30/02
Land Acquisition Bonds 2.5 – 5.25%	\$0	\$3,500,000	\$0	\$3,500,000
Compensated Absences Payable	1,808,795	320,439	0	2,129,234
Intergovernmental Payable	6,459	2,329	6,459	2,329
Total General Long-Term Obligations	<u>\$1,815,254</u>	<u>\$3,822,768</u>	<u>\$6,459</u>	<u>\$5,631,563</u>

Land Acquisition Bonds - In fiscal year 2002, the Career Center issued \$3,500,000 in unvoted general obligation bonds to acquire land. The bonds were issued for a ten year period, with final maturity in fiscal year 2012. The bonds are being retired from the Permanent Improvement capital projects fund, with transfers from the General Fund.

Compensated absences and intergovernmental payables, representing the Career Center's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The Career Center's overall debt margin was \$434,309,891 with an unvoted debt margin of \$1,364,554 at June 30, 2002.

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Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2002, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2003	\$275,000	\$145,460	\$420,460
2004	300,000	136,773	436,773
2005	310,000	123,772	433,772
2006	330,000	109,670	439,670
2007	340,000	96,347	436,347
2008-2012	1,945,000	229,609	2,174,609
Total	<u>\$3,500,000</u>	<u>\$841,631</u>	<u>\$4,341,631</u>

NOTE 16 - SET ASIDE REQUIREMENTS

The Career Center 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 the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward to be used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2002.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2001	\$0	\$0	\$80,241
Current Year Set Aside Requirement	176,075	176,075	0
Qualifying Expenditures	(176,075)	(176,075)	0
Amount Carried Forward to Fiscal Year 2003	<u>\$0</u>	<u>\$0</u>	<u>\$80,241</u>
Set Aside Reserve Balance June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$80,241</u>

Am. Sub Senate Bill 345 (SB 345), effective April 10, 2001, eliminated the requirement for the budget reserve set-aside established by HB 412. According to SB 345, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in a budget reserve account as authorized by ORC 5705.13 for use by the board to offset any budget deficit the district may experience in future years. The statute also authorizes the school district to use all or part of the funds formerly included in the budget reserve for the purpose of providing the district's portion of the basic project costs of any project undertaken in accordance with ORC 3318, Classroom Facilities. SB 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set-aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were

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previously required by law to be deposited into the budget reserve may be used solely for the specified purposes. Other non-BWC monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund.

If the school district deposits (or spends) monies into the textbook and instructional material set-aside in excess of the required deposit for that year, the board may deduct the excess amount of money from the required deposit in future fiscal years. The Career Center Board has elected to not carry forward these excess amounts for use in future years.

NOTE 17 - ENTERPRISE SEGMENT INFORMATION

The enterprise fund type consists of the Food Service Fund and the Uniform School Supplies Fund. The Food Service Fund comprises the majority of the assets and retained earnings, and substantially all of the operations, of the enterprise fund type.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The Career Center is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood 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 educational entities.

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2002, the Career Center paid \$45,819 to the NWOCA for various services. Financial information can be obtained from Cindy Siler, who serves as Treasurer, 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, and Williams Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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NOTE 19 - INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Wood County Insurance Consortium

The Wood County Insurance Consortium (WCIC) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. WCIC is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the WCIC.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the WCIC is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Sharon Gillespie, Medical Mutual of Ohio, P. O. Box 943, Toledo, Ohio 43656.

C. Ohio School Plan

The Career Center participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

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Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 20 - CONTINGENT LIABILITIES

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

B. Grants

The Career Center 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 Career Center at June 30, 2002.

C. Litigation

There are currently no matters in litigation with the Career Center as defendant.

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass – Through Grantor/ Program Title	Grantor Number	CFDA Number	Award Amount	Receipts	Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Supplemental Ed Opportunity Grant	P007A88396	84.007	\$6,494	\$6,494	\$6,494
Pell Grant	1340946365AI	84.063	118,753	118,753	118,944
<i>Pass through Ohio Department of Education</i>					
VEA-II Funds (Secondary)	CP II-S01	84.048	371,501	81,635	30,414
VEA-II Funds (Adult)	CP II-A01	84.048	52,911	1,207	1,490
VEA-II Funds (Secondary)	CP II-S02	84.048	382,174	306,068	382,174
VEA-II Funds (Adult)	CP II-A02	84.048	52,911	40,504	52,911
Career Academy Professional Development	VECA-02-PD-12	84.048	5,000	5,000	5,000
Accreditation Resource Assistance	VEAR-02	84.048	27,200	23,120	27,200
Adult Basic Education – FY 2000	AB-S1-00C	84.002	2,855	2,855	2,855
Adult Basic Education – FY 2002	AB-S1-02	84.002	129,458	87,302	123,435
Title VI – Innovative Ed - FY 00	C2-S1-00	84.298	7,674	2,612	973
Title VI – Innovative Ed – FY 01	C2-S1-01	84.298	7,185	5,892	2,619
Title VI – Innovative Ed – FY 02	C2-S1-02	84.298	7,263	2,106	2,487
Math/Science Subsidy FY 01	MS-S1-01	84.281	3,447	0	898
Math/Science Subsidy FY 02	MS-S1-02	84.281	4,124	3,712	0
Goals 2000 Entry Year Project	G2-53-2000	84.276	28,000	0	1,961
TOTAL DEPARTMENT OF EDUCATION				687,260	759,855
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Food Distribution	Nutrition Cluster	10.550		17,609	17,319
<i>Pass through Ohio Department of Education</i>					
National School Lunch Program	Nutrition Cluster	10.555		45,923	34,453
TOTAL DEPARTMENT OF AGRICULTURE				63,532	51,772
TOTAL FEDERAL ASSISTANCE				\$750,792	\$811,627



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Board of Education
Penta County Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have audited the general-purpose financial statements of Penta County Vocational School District, dba Penta Career Center ("Career Center"), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Career Center in a separate letter dated December 11, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Career Center in a separate letter dated December 11, 2002.

Board of Education
Page Two

This report is intended solely for the information of and use of the Board of Education and management, 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.

Weber. O'Brien Ltd.

December 11, 2002



INDEPENDENT AUDITORS' 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
Penta County Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

Compliance

We have audited the compliance of Penta County Vocational School District, dba Penta Career Center ("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 Career Center's major federal programs are identified in the summary of auditors' 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 Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with those requirements.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Career Center in a separate letter dated December 11, 2002.

This report is intended solely for the information of and use of the Board of Education and management, 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.

Weber · O'Brien LTL

December 11, 2002

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2002

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	_X_ no
Reportable condition(s) identified not considered to be material weaknesses?	_____yes	_X_ none reported
Noncompliance material to financial statements noted?	_____yes	_X_ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____yes	_X_ no
Reportable conditions(s) identified not considered to be material weaknesses?	_____yes	_X_ none reported

Type of auditors' report issued on compliance for major programs:		<u>Unqualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____yes	_X_ no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education – Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Auditee qualified as low risk auditee?	_____yes	_X_ no
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2002

NONE



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

PENTA COUNTY VOCATIONAL SCHOOL DISTRICT

WOOD 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
FEBRUARY 11, 2003**