

**COSHOCTON COUNTY CAREER CENTER**



**AUDITED GENERAL PURPOSE  
FINANCIAL STATEMENTS  
JUNE 30, 2002**





**Auditor of State  
Betty Montgomery**

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Board of Education  
Coshocton County Career Center  
Coshocton, Ohio

We have reviewed the Independent Auditor's Report of the Coshocton County Career Center, Coshocton County, prepared by Rea & Associates, Inc., 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 Coshocton County Career Center is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

January 22, 2003

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**COSHOCTON COUNTY CAREER CENTER  
COSHOCTON COUNTY**

**JUNE 30, 2002**

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# Rea & Associates, Inc.

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ACCOUNTANTS AND BUSINESS CONSULTANTS

December 5, 2002

To the Board of Education  
Coshocton County Career Center  
Coshocton, OH 43812

## Independent Auditor's Report

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Coshocton County Career Center as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 5, 2002 on our consideration of the Career Center'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.

*Rea & Associates, Inc.*

**COSHOCTON COUNTY CAREER CENTER**

*Combined Balance Sheet*

**All Fund Types and Account Groups**

June 30, 2002

|   | <b>Governmental Fund Types</b> |                            |                             |
|---|--------------------------------|----------------------------|-----------------------------|
|   | <b>General</b>                 | <b>Special<br/>Revenue</b> | <b>Capital<br/>Projects</b> |
| <b><u>Assets</u></b>                                    |                                |                            |                             |
| Equity in Pooled Cash and Cash Equivalents              | \$ 169,615                     | \$ 127,497                 | \$ 15,585                   |
| Restricted Cash and Cash Equivalents                    | 61,736                         | 0                          | 0                           |
| Receivables:  |                                |                            |                             |
| Taxes   | 1,270,781                      | 0                          | 0                           |
| Accounts  | 499                            | 0                          | 0                           |
| Interfund   | 80,206                         | 0                          | 0                           |
| Intergovernmental                                       | 5,000                          | 114,098                    | 0                           |
| Prepaid Items   | 7,818                          | 0                          | 0                           |
| Inventory   | 10,907                         | 0                          | 0                           |
| Advances To Other Funds                                 | 71,131                         | 0                          | 0                           |
| Fixed Assets (Net)                                      | 0                              | 0                          | 0                           |
| <b><u>Other Debits</u></b>                              |                                |                            |                             |
| Amount to be Provided from General Government Resources | 0                              | 0                          | 0                           |
| <b>Total Assets and Other Debits</b>                    | <b>\$ 1,677,693</b>            | <b>\$ 241,595</b>          | <b>\$ 15,585</b>            |
| <b><u>Liabilities</u></b>                               |                                |                            |                             |
| Accounts Payable  | \$ 7,201                       | \$ 5,197                   | \$ 0                        |
| Accrued Wages and Benefits                              | 253,263                        | 12,520                     | 0                           |
| Compensated Absences Payable                            | 5,027                          | 0                          | 0                           |
| Interfund Payable                                       | 0                              | 80,206                     | 0                           |
| Intergovernmental Payable                               | 37,346                         | 2,336                      | 0                           |
| Deferred Revenue  | 1,242,933                      | 95,058                     | 0                           |
| Undistributed Money                                     | 0                              | 0                          | 0                           |
| Due to Students   | 0                              | 0                          | 0                           |
| Claims Payable  | 0                              | 0                          | 0                           |
| Advances From Other Funds                               | 0                              | 71,131                     | 0                           |
| <b>Total Liabilities</b>                                | <b>1,545,770</b>               | <b>266,448</b>             | <b>0</b>                    |
| <b><u>Fund Equity and Other Credits</u></b>             |                                |                            |                             |
| Investment in General Fixed Assets                      | 0                              | 0                          | 0                           |
| Contributed Capital                                     | 0                              | 0                          | 0                           |
| Retained Earnings: Unreserved                           | 0                              | 0                          | 0                           |
| Fund Balance:   |                                |                            |                             |
| Reserved for Encumbrances                               | 31,458                         | 20,519                     | 0                           |
| Reserved for Inventory                                  | 10,907                         | 0                          | 0                           |
| Reserve for Capital & Maintenance                       | 61,736                         | 0                          | 0                           |
| Reserved for Advances                                   | 71,131                         | 0                          | 0                           |
| Reserved for Property Taxes                             | 27,848                         | 0                          | 0                           |
| Unreserved: Undesignated                                | (71,157)                       | (45,372)                   | 15,585                      |
| <b>Total Fund Equity and Other Credits</b>              | <b>131,923</b>                 | <b>(24,853)</b>            | <b>15,585</b>               |
| <b>Total Liabilities, Fund Equity and Other Credits</b> | <b>\$ 1,677,693</b>            | <b>\$ 241,595</b>          | <b>\$ 15,585</b>            |

The accompanying notes are an integral part of the general purpose financial statements.



| <u>Proprietary Fund Types</u> |                         | <u>Fiduciary Fund Types</u> | <u>Account Groups</u>       |                                      | <u>Totals (Memorandum Only)</u> |
|-------------------------------|-------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------------|
| <u>Enterprise</u>             | <u>Internal Service</u> | <u>Trust and Agency</u>     | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> |                                 |
| \$ 4,592                      | \$ 14,171               | \$ 24,483                   | \$ 0                        | \$ 0                                 | \$ 355,943                      |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 61,736                          |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 1,270,781                       |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 499                             |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 80,206                          |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 119,098                         |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 7,818                           |
| 1,848                         | 0                       | 0                           | 0                           | 0                                    | 12,755                          |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 71,131                          |
| 6,859                         | 0                       | 0                           | 4,544,567                   | 0                                    | 4,551,426                       |
| 0                             | 0                       | 0                           | 0                           | 171,169                              | 171,169                         |
| <u>\$ 13,299</u>              | <u>\$ 14,171</u>        | <u>\$ 24,483</u>            | <u>\$ 4,544,567</u>         | <u>\$ 171,169</u>                    | <u>\$ 6,702,562</u>             |
| \$ 0                          | \$ 209,201              | 0                           | \$ 0                        | \$ 0                                 | \$ 221,599                      |
| 5,324                         | 0                       | 0                           | 0                           | 0                                    | 271,107                         |
| 3,521                         | 0                       | 0                           | 0                           | 169,170                              | 177,718                         |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 80,206                          |
| 935                           | 0                       | 0                           | 0                           | 1,999                                | 42,616                          |
| 1,015                         | 0                       | 0                           | 0                           | 0                                    | 1,339,006                       |
| 0                             | 0                       | 5,245                       | 0                           | 0                                    | 5,245                           |
| 0                             | 0                       | 6,332                       | 0                           | 0                                    | 6,332                           |
| 0                             | 100,000                 | 0                           | 0                           | 0                                    | 100,000                         |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 71,131                          |
| <u>10,795</u>                 | <u>309,201</u>          | <u>11,577</u>               | <u>0</u>                    | <u>171,169</u>                       | <u>2,314,960</u>                |
| 0                             | 0                       | 0                           | 4,544,567                   | 0                                    | 4,544,567                       |
| 4,277                         | 0                       | 0                           | 0                           | 0                                    | 4,277                           |
| (1,773)                       | (295,030)               | 0                           | 0                           | 0                                    | (296,803)                       |
| 0                             | 0                       | 1,561                       | 0                           | 0                                    | 53,538                          |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 10,907                          |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 61,736                          |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 71,131                          |
| 0                             | 0                       | 0                           | 0                           | 0                                    | 27,848                          |
| 0                             | 0                       | 11,345                      | 0                           | 0                                    | (89,599)                        |
| <u>2,504</u>                  | <u>(295,030)</u>        | <u>12,906</u>               | <u>4,544,567</u>            | <u>0</u>                             | <u>4,387,602</u>                |
| <u>\$ 13,299</u>              | <u>\$ 14,171</u>        | <u>\$ 24,483</u>            | <u>\$ 4,544,567</u>         | <u>\$ 171,169</u>                    | <u>\$ 6,702,562</u>             |

**COSHOCTON COUNTY CAREER CENTER**

*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances*

**All Governmental Fund Types and Expendable Trust Fund**

For the Year Ended June 30, 2002

|   | Governmental Fund Types |                    |                  | Expendable Trust | Totals<br>(Memorandum Only) |
|---|-------------------------|--------------------|------------------|------------------|-----------------------------|
|   | General                 | Special Revenue    | Capital Projects |                  |                             |
| <b>Revenues</b>   |                         |                    |                  |                  |                             |
| Taxes   | \$ 1,315,372            | \$ 0               | \$ 0             | \$ 0             | \$ 1,315,372                |
| Intergovernmental   | 1,416,948               | 213,963            | 0                | 0                | 1,630,911                   |
| Investment Income   | 9,913                   | 0                  | 0                | 0                | 9,913                       |
| Tuition and Fees  | 9,175                   | 42,502             | 0                | 0                | 51,677                      |
| Miscellaneous   | 56,148                  | 1,580              | 0                | 793              | 58,521                      |
| <b>Total Revenues</b>   | <b>2,807,556</b>        | <b>258,045</b>     | <b>0</b>         | <b>793</b>       | <b>3,066,394</b>            |
| <b>Expenditures</b>   |                         |                    |                  |                  |                             |
| Current:  |                         |                    |                  |                  |                             |
| Instruction:  |                         |                    |                  |                  |                             |
| Regular   | 311,506                 | 0                  | 0                | 0                | 311,506                     |
| Special   | 0                       | 2,220              | 0                | 0                | 2,220                       |
| Vocational  | 1,224,995               | 172,657            | 0                | 30               | 1,397,682                   |
| Adult/Continuing  | 0                       | 43,396             | 0                | 0                | 43,396                      |
| Support Services:   |                         |                    |                  |                  |                             |
| Pupils  | 117,470                 | 35,656             | 0                | 0                | 153,126                     |
| Instructional Staff   | 188,532                 | 12,350             | 0                | 106              | 200,988                     |
| Board of Education  | 30,735                  | 0                  | 0                | 0                | 30,735                      |
| Administration  | 206,430                 | 12,529             | 0                | 2,520            | 221,479                     |
| Fiscal  | 177,515                 | 3,750              | 0                | 0                | 181,265                     |
| Business  | 27,623                  | 0                  | 0                | 0                | 27,623                      |
| Operation and Maintenance of Plant  | 371,092                 | 0                  | 0                | 0                | 371,092                     |
| Pupil Transportation  | 10,981                  | 0                  | 0                | 0                | 10,981                      |
| Central   | 0                       | 250                | 0                | 0                | 250                         |
| Operation of Non-Instructional Services   | 5                       | 0                  | 0                | 0                | 5                           |
| Extracurricular Activities  | 14,714                  | 262                | 0                | 0                | 14,976                      |
| Capital Outlay  | 0                       | 0                  | 11,410           | 0                | 11,410                      |
| <b>Total Expenditures</b>   | <b>2,681,598</b>        | <b>283,070</b>     | <b>11,410</b>    | <b>2,656</b>     | <b>2,978,734</b>            |
| Excess of Revenues Over<br>(Under) Expenditures                                   | 125,958                 | (25,025)           | (11,410)         | (1,863)          | 87,660                      |
| <b>Other Financing Sources (Uses)</b>   |                         |                    |                  |                  |                             |
| Operating Transfers In  | 0                       | 1,000              | 0                | 0                | 1,000                       |
| Operating Transfers Out   | (22,300)                | 0                  | 0                | (1,000)          | (23,300)                    |
| <b>Total Other Financing Sources (Uses)</b>                                       | <b>(22,300)</b>         | <b>1,000</b>       | <b>0</b>         | <b>(1,000)</b>   | <b>(22,300)</b>             |
| Excess of Revenue Over (Under) Expenditures<br>and Other Financing Sources (Uses) | 103,658                 | (24,025)           | (11,410)         | (2,863)          | 65,360                      |
| <b>Fund Balance (Deficit) at Beginning of Year</b>                                | <b>30,197</b>           | <b>(828)</b>       | <b>26,995</b>    | <b>15,769</b>    | <b>72,133</b>               |
| Increase in Reserve for Inventory   | (1,932)                 | 0                  | 0                | 0                | (1,932)                     |
| <b>Fund Balance (Deficit) at End of Year</b>                                      | <b>\$ 131,923</b>       | <b>\$ (24,853)</b> | <b>\$ 15,585</b> | <b>\$ 12,906</b> | <b>\$ 135,561</b>           |

The accompanying notes are an integral part of the general purpose financial statements.

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**COSHOCTON COUNTY CAREER CENTER**

*Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual*

**All Governmental Fund Types**

For the Year Ended June 30, 2002

|  | <b>General Fund</b>       |                   |   |
|--|---------------------------|-------------------|---|
|  | <b>Revised<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b><u>Revenues</u></b>   |                           |                   |   |
| Taxes  | \$ 1,310,475              | \$ 1,310,448      | \$ (27)   |
| Intergovernmental  | 1,460,019                 | 1,459,030         | (989)   |
| Investment Income  | 9,600                     | 9,913             | 313   |
| Tuition and Fees   | 11,500                    | 11,575            | 75  |
| Miscellaneous  | 59,765                    | 57,218            | (2,547)   |
| <b>Total Revenues</b>  | <b>2,851,359</b>          | <b>2,848,184</b>  | <b>(3,175)</b>                                  |
| <b><u>Expenditures</u></b>   |                           |                   |   |
| Current:   |                           |                   |   |
| Instruction:   |                           |                   |   |
| Regular  | 296,642                   | 302,660           | (6,018)   |
| Special  | 0                         | 0                 | 0   |
| Vocational   | 1,242,606                 | 1,213,475         | 29,131  |
| Adult Continuing   | 0                         | 0                 | 0   |
| Other  | 0                         | 0                 | 0   |
| Support Services:  |                           |                   |   |
| Pupils   | 134,377                   | 120,846           | 13,531  |
| Instructional Staff  | 189,176                   | 188,250           | 926   |
| Board of Education   | 48,717                    | 36,908            | 11,809  |
| Administration   | 194,323                   | 193,648           | 675   |
| Fiscal   | 187,899                   | 172,674           | 15,225  |
| Business   | 28,164                    | 27,853            | 311   |
| Operation and Maintenance of Plant   | 387,577                   | 375,073           | 12,504  |
| Pupil Transportation   | 16,002                    | 11,181            | 4,821   |
| Central  | 345                       | 0                 | 345   |
| Extracurricular Activities   | 14,560                    | 14,315            | 245   |
| Capital Outlay   | 0                         | 0                 | 0   |
| <b>Total Expenditures</b>  | <b>2,740,388</b>          | <b>2,656,883</b>  | <b>83,505</b>                                   |
| Excess of Revenues Over (Under) Expenditures   | 110,971                   | 191,301           | 80,330  |
| <b><u>Other Financing Sources (Uses)</u></b>   |                           |                   |   |
| Advances In  | 0                         | 5,675             | 5,675   |
| Advances Out   | (80,206)                  | (80,206)          | 0   |
| Operating Transfers In   | 0                         | 0                 | 0   |
| Operating Transfers Out  | (22,300)                  | (22,300)          | 0   |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(102,506)</b>          | <b>(96,831)</b>   | <b>5,675</b>                                    |
| Excess of Revenues and Other Financing Sources Over (Under)<br>Expenditures and Other Financing (Uses) | 8,465                     | 94,470            | 86,005  |
| Fund Balance at Beginning of Year  | 71,392                    | 71,392            | 0   |
| Prior Year Encumbrances Appropriated   | 26,830                    | 26,830            | 0   |
| <b>Fund Balance at End of Year</b>   | <b>\$ 106,687</b>         | <b>\$ 192,692</b> | <b>\$ 86,005</b>                                |

The accompanying notes are an integral part of the general purpose financial statements.

| Special Revenue Funds |                   |                                  | Capital Project Fund |                  |                                  |
|-----------------------|-------------------|----------------------------------|----------------------|------------------|----------------------------------|
| Revised Budget        | Actual            | Variance Favorable (Unfavorable) | Revised Budget       | Actual           | Variance Favorable (Unfavorable) |
| \$ 0                  | \$ 0              | \$ 0                             | \$ 0                 | \$ 0             | \$ 0                             |
| 275,361               | 194,923           | (80,438)                         | 0                    | 0                | 0                                |
| 0                     | 0                 | 0                                | 0                    | 0                | 0                                |
| 55,000                | 42,502            | (12,498)                         | 0                    | 0                | 0                                |
| 5,000                 | 1,580             | (3,420)                          | 0                    | 0                | 0                                |
| <u>335,361</u>        | <u>239,005</u>    | <u>(96,356)</u>                  | <u>0</u>             | <u>0</u>         | <u>0</u>                         |
| 0                     | 0                 | 0                                | 0                    | 0                | 0                                |
| 1,677                 | 1,677             | 0                                | 0                    | 0                | 0                                |
| 223,839               | 192,209           | 31,630                           | 0                    | 0                | 0                                |
| 54,403                | 44,265            | 10,138                           | 0                    | 0                | 0                                |
| 337                   | 0                 | 337                              | 0                    | 0                | 0                                |
| 58,703                | 36,155            | 22,548                           | 0                    | 0                | 0                                |
| 19,531                | 11,848            | 7,683                            | 0                    | 0                | 0                                |
| 0                     | 0                 | 0                                | 0                    | 0                | 0                                |
| 12,500                | 12,500            | 0                                | 0                    | 0                | 0                                |
| 10,000                | 3,750             | 6,250                            | 0                    | 0                | 0                                |
| 0                     | 0                 | 0                                | 0                    | 0                | 0                                |
| 0                     | 0                 | 0                                | 0                    | 0                | 0                                |
| 0                     | 0                 | 0                                | 0                    | 0                | 0                                |
| 250                   | 250               | 0                                | 0                    | 0                | 0                                |
| 1,000                 | 262               | 738                              | 0                    | 0                | 0                                |
| 0                     | 0                 | 0                                | 24,000               | 11,410           | 12,590                           |
| <u>382,240</u>        | <u>302,916</u>    | <u>79,324</u>                    | <u>24,000</u>        | <u>11,410</u>    | <u>12,590</u>                    |
| <u>(46,879)</u>       | <u>(63,911)</u>   | <u>(17,032)</u>                  | <u>(24,000)</u>      | <u>(11,410)</u>  | <u>12,590</u>                    |
| 0                     | 80,206            | 80,206                           | 0                    | 0                | 0                                |
| (5,675)               | (5,675)           | 0                                | 0                    | 0                | 0                                |
| 1,000                 | 1,000             | 0                                | 0                    | 0                | 0                                |
| 0                     | 0                 | 0                                | 0                    | 0                | 0                                |
| <u>(4,675)</u>        | <u>75,531</u>     | <u>80,206</u>                    | <u>0</u>             | <u>0</u>         | <u>0</u>                         |
| (51,554)              | 11,620            | 63,174                           | (24,000)             | (11,410)         | 12,590                           |
| 76,960                | 76,960            | 0                                | 25,125               | 25,125           | 0                                |
| 13,200                | 13,200            | 0                                | 1,870                | 1,870            | 0                                |
| <u>\$ 38,606</u>      | <u>\$ 101,780</u> | <u>\$ 63,174</u>                 | <u>\$ 2,995</u>      | <u>\$ 15,585</u> | <u>\$ 12,590</u>                 |

**COSHOCTON COUNTY CAREER CENTER**

*Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual (Continued)*

**All Governmental Fund Types**

For the Year Ended June 30, 2002

|   | <b>Expendable Trust</b>   |                  |   |
|---|---------------------------|------------------|---|
|   | <b>Revised<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b><u>Revenues</u></b>  |                           |                  |   |
| Taxes   | \$ 0                      | \$ 0             | \$ 0  |
| Intergovernmental   | 0                         | 0                | 0   |
| Investment Income   | 0                         | 0                | 0   |
| Tuition and Fees  | 0                         | 0                | 0   |
| Miscellaneous   | 2,400                     | 793              | (1,607)   |
| <b>Total Revenues</b>   | <u>2,400</u>              | <u>793</u>       | <u>(1,607)</u>                                  |
| <b><u>Expenditures</u></b>  |                           |                  |   |
| Current:  |                           |                  |   |
| Instruction:  |                           |                  |   |
| Regular   | 0                         | 0                | 0   |
| Special   | 0                         | 0                | 0   |
| Vocational  | 500                       | 1,030            | 530   |
| Adult Continuing  | 0                         | 0                | 0   |
| Other   | 0                         | 0                | 0   |
| Support Services:   |                           |                  |   |
| Pupils  | 3,350                     | 531              | (2,819)   |
| Instructional Staff   | 300                       | 106              | (194)   |
| Board of Education  | 0                         | 0                | 0   |
| Administration  | 3,000                     | 2,550            | (450)   |
| Fiscal  | 0                         | 0                | 0   |
| Business  | 0                         | 0                | 0   |
| Operation and Maintenance of Plant  | 0                         | 0                | 0   |
| Pupil Transportation  | 0                         | 0                | 0   |
| Central   | 0                         | 0                | 0   |
| Extracurricular Activities  | 0                         | 0                | 0   |
| Capital Outlay  | 0                         | 0                | 0   |
| <b>Total Expenditures</b>   | <u>7,150</u>              | <u>4,217</u>     | <u>(2,933)</u>                                  |
| Excess of Revenues Over (Under) Expenditures  | <u>(4,750)</u>            | <u>(3,424)</u>   | <u>1,326</u>                                    |
| <b><u>Other Financing Sources (Uses)</u></b>  |                           |                  |   |
| Advances In   | 0                         | 0                | 0   |
| Advances Out  | 0                         | 0                | 0   |
| Operating Transfers In  | 0                         | 0                | 0   |
| Operating Transfers Out   | (1,000)                   | (1,000)          | 0   |
| <b>Total Other Financing Sources (Uses)</b>   | <u>(1,000)</u>            | <u>(1,000)</u>   | <u>0</u>  |
| Excess of Revenues and Other Financing Sources Over/<br>(Under) Expenditures and Other Financing (Uses) | <u>(5,750)</u>            | <u>(4,424)</u>   | <u>1,326</u>                                    |
| Fund Balance at Beginning of Year   | 13,324                    | 13,324           | 0   |
| Prior Year Encumbrances Appropriated  | <u>2,445</u>              | <u>2,445</u>     | <u>0</u>  |
| <b>Fund Balance at End of Year</b>  | <u>\$ 10,019</u>          | <u>\$ 11,345</u> | <u>\$ 1,326</u>                                 |

The accompanying notes are an integral part of the general purpose financial statements.

**Totals (Memorandum Only)**

|    | <b>Revised<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|----|---------------------------|-------------------|---|
| \$ | 1,310,475                 | \$ 1,310,448      | \$ (27)   |
|    | 1,735,380                 | 1,653,953         | (81,427)  |
|    | 9,600                     | 9,913             | 313   |
|    | 66,500                    | 54,077            | (12,423)  |
|    | 67,165                    | 59,591            | (7,574)   |
|    | <u>3,189,120</u>          | <u>3,087,982</u>  | <u>(101,138)</u>                                |
|    | 296,642                   | 302,660           | (6,018)   |
|    | 1,677                     | 1,677             | 0   |
|    | 1,466,945                 | 1,406,714         | 60,231  |
|    | 54,403                    | 44,265            | 10,138  |
|    | 337                       | 0                 | 337   |
|    | 196,430                   | 157,532           | 38,898  |
|    | 209,007                   | 200,204           | 8,803   |
|    | 48,717                    | 36,908            | 11,809  |
|    | 209,823                   | 208,698           | 1,125   |
|    | 197,899                   | 176,424           | 21,475  |
|    | 28,164                    | 27,853            | 311   |
|    | 387,577                   | 375,073           | 12,504  |
|    | 16,002                    | 11,181            | 4,821   |
|    | 595                       | 250               | 345   |
|    | 15,560                    | 14,577            | 983   |
|    | 24,000                    | 11,410            | 12,590  |
|    | <u>3,153,778</u>          | <u>2,975,426</u>  | <u>178,352</u>                                  |
|    | 35,342                    | 112,556           | 77,214  |
|    | 0                         | 85,881            | 85,881  |
|    | (85,881)                  | (85,881)          | 0   |
|    | 1,000                     | 1,000             | 0   |
|    | (23,300)                  | (23,300)          | 0   |
|    | <u>(108,181)</u>          | <u>(22,300)</u>   | <u>85,881</u>                                   |
|    | (72,839)                  | 90,256            | 163,095   |
|    | 186,801                   | 186,801           | 0   |
|    | 44,345                    | 44,345            | 0   |
|    | <u>\$ 158,307</u>         | <u>\$ 321,402</u> | <u>\$ 163,095</u>                               |

**COSHOCTON COUNTY CAREER CENTER**

*Combined Statement of Revenues,  
Expenses, and Changes in Fund Equity*  
**All Proprietary Fund Types**

For the Year Ended June 30, 2002

|   | <u>Enterprise</u> | <u>Internal<br/>Service</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|-------------------|-----------------------------|---|
| <b><u>Operating Revenues</u></b>                  |                   |                             |   |
| Charges for Services                              | \$ 58,246         | \$ 268,867                  | \$ 327,113                              |
| <b>Total Operating Revenues</b>                   | <u>58,246</u>     | <u>268,867</u>              | <u>327,113</u>                          |
| <b><u>Operating Expenses</u></b>                  |                   |                             |   |
| Salaries  | 32,129            | 0                           | 32,129                                  |
| Fringe Benefits                                   | 13,943            | 0                           | 13,943                                  |
| Purchased Services                                | 2,108             | 77,147                      | 79,255                                  |
| Materials and Supplies                            | 57,249            | 0                           | 57,249                                  |
| Depreciation                                      | 702               | 0                           | 702                                     |
| Claims  | 0                 | 381,412                     | 381,412                                 |
| <b>Total Operating Expenses</b>                   | <u>106,131</u>    | <u>458,559</u>              | <u>564,690</u>                          |
| Operating Loss                                    | <u>(47,885)</u>   | <u>(189,692)</u>            | <u>(237,577)</u>                        |
| <b><u>Non-Operating Revenues</u></b>              |                   |                             |   |
| Grants  | 30,373            | 0                           | 30,373                                  |
| Federal Donated Commodities                       | 5,292             | 0                           | 5,292                                   |
| Interest  | 9                 | 0                           | 9                                       |
| <b>Total Non-Operating Revenues</b>               | <u>35,674</u>     | <u>0</u>                    | <u>35,674</u>                           |
| Income Before Operating Transfers                 | (12,211)          | (189,692)                   | (201,903)                               |
| Operating Transfers In                            | <u>7,579</u>      | <u>14,171</u>               | <u>21,750</u>                           |
| Net Loss  | (4,632)           | (175,521)                   | (180,153)                               |
| Retained Earnings (Deficit) at Beginning of Year  | <u>2,859</u>      | <u>(119,509)</u>            | <u>(116,650)</u>                        |
| <b>Retained Earnings (Deficit) at End of Year</b> | <u>(1,773)</u>    | <u>(295,030)</u>            | <u>(296,803)</u>                        |
| <b>Contributed Capital End of Year</b>            | <u>4,277</u>      | <u>0</u>                    | <u>4,277</u>                            |
| <b>Fund Equity (Deficit) at End of Year</b>       | <u>\$ 2,504</u>   | <u>\$ (295,030)</u>         | <u>\$ (292,526)</u>                     |

The accompanying notes are an integral part of the general purpose financial statements.



**COSHOCTON COUNTY CAREER CENTER**

*Combined Statement of Cash Flows*  
**All Proprietary Funds**

For the Year Ended June 30, 2002

|   | <u>Enterprise</u>  | <u>Internal<br/>Service</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------|-----------------------------|---|
| <b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>  |                    |                             |   |
| <b><u>Cash Flows From Operating Activities</u></b>  |                    |                             |   |
| Cash Received from Customers  | \$ 58,404          | \$ 268,867                  | \$ 327,271                              |
| Cash Paid for Goods and Services  | (53,897)           | (77,147)                    | (131,044)                               |
| Cash Paid to Employees  | (45,789)           | 0                           | (45,789)                                |
| Cash Paid for Claims  | 0                  | (373,734)                   | (373,734)                               |
| <b>Net Cash Used For Operating Activities</b>   | <u>(41,282)</u>    | <u>(182,014)</u>            | <u>(223,296)</u>                        |
| <b><u>Cash Flows From Non-Capital Financing Activities</u></b>  |                    |                             |   |
| Grants  | 30,373             | 0                           | 30,373                                  |
| Advances from OME-RESA  | 0                  | 209,201                     | 209,201                                 |
| Transfers In  | 7,579              | 14,171                      | 21,750                                  |
| <b>Net Cash Provided by Non-Capital Activities</b>  | <u>37,952</u>      | <u>223,372</u>              | <u>261,324</u>                          |
| <b><u>Cash Flows From Investing Activities</u></b>  |                    |                             |   |
| Interest Income   | 9                  | 0                           | 9                                       |
| <b>Net Cash Provided by Investing Activities</b>  | <u>9</u>           | <u>0</u>                    | <u>9</u>                                |
| Net Decrease in Cash and Cash Equivalents   | (3,321)            | 41,358                      | 38,037                                  |
| Cash and Cash Equivalents at Beginning of Year  | 7,913              | (27,187)                    | (19,274)                                |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u>\$ 4,592</u>    | <u>\$ 14,171</u>            | <u>\$ 18,763</u>                        |
| <b><u>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided By (Used For) Operating Activities</u></b> |                    |                             |   |
| Operating Loss  | \$ (47,885)        | \$ (189,692)                | \$ (237,577)                            |
| <b>Adjustments to Reconcile Operating Loss<br/>to Net Cash Used For Operating Activities:</b>                       |                    |                             |   |
| Depreciation  | 702                | 0                           | 702                                     |
| Non-cash Donated Commodities  | 5,292              | 0                           | 5,292                                   |
| Decrease in Inventory   | 458                | 0                           | 458                                     |
| Decrease in Intergovernmental Receivables   | 158                | 0                           | 158                                     |
| Increase in Accrued Wages and Benefits  | 258                | 0                           | 258                                     |
| Increase in Compensated Absences Payable  | 94                 | 0                           | 94                                      |
| Increase/(Decrease) in Intergovernmental Payable  | (69)               | 0                           | (69)                                    |
| Increase in Claims Payable  | 0                  | 7,678                       | 7,678                                   |
| (Decrease) in Deferred Revenue  | (290)              | 0                           | (290)                                   |
| <b>Total Adjustments</b>  | <u>6,603</u>       | <u>7,678</u>                | <u>14,281</u>                           |
| <b>Net Cash Provided by (Used For) Operating Activities</b>   | <u>\$ (41,282)</u> | <u>\$ (182,014)</u>         | <u>\$ (223,296)</u>                     |

The accompanying notes are an integral part of the general purpose financial statements.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Coshocton County Career Center (Career Center) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Career Center is a school district as defined by Section 3311.18 of the Ohio Revised Code. The Career Center operates under a Board of Education, consisting of five members appointed by participating school districts. Average daily membership on October 1, 2001, was 171. The Career Center employs 29 certificated and 17 non-certificated employees.

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service and student related activities of the Career Center. The Career Center has no component units.

The Career Center is involved with Ohio Mid-Eastern Regional Educational Services Association (OME-RESA), which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 17.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the Career Center are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Several funds are being reclassified for GAAP presentation. The adult education funds (012) are classified as enterprise funds for State of Ohio cash basis financial statements. However, these funds are educational funds, not funds designed to have a profit motivation. They are classified as special revenue funds for GAAP.

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Many of the educational programs operated by the Career Center provide some services to the general public. These services are not provided to generate profit for the Career Center, but to teach the students to deal with the public while they learn. These funds (011) are classified as general fund for GAAP. The Career Center has the following fund types and account groups:

**Governmental Fund Types**

Governmental fund types are used to account for the District's general government activities. Governmental fund types and the expendable trust funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used the pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 9.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a 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 to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which are levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

*General Fund* - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

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

**Proprietary Fund Types**

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary fund types include the following fund types:

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to governmental units on a cost reimbursement basis.

**Fiduciary Fund Types**

Fiduciary fund types account for assets held by the Career Center in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Funds - Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency Fund - The Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets the Career Center holds for others in an agency capacity.

**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, other than those accounted for in proprietary or nonexpendable 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 the proprietary or nonexpendable trust funds.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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 Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

Although only the governmental funds are being presented, all funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all budgeted funds. Budgetary modifications, which change total fund appropriations, may only be made by resolution of the Board of Education. However, the Treasurer may make appropriation modifications at the function level without a Board of Education resolution as long as total appropriations per fund do not change.

C. Cash, Cash Equivalents, and Investments

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

During fiscal year 2002, investments were limited to STAROhio. 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 amounted to \$9,913 which includes \$5,010 assigned from other District funds.

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

The Career Center has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a textbook/instruction materials reserve and capital maintenance reserve. These reserves are required by State statute. The capital maintenance reserve and textbook/instruction materials reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 2002, the District set aside the amounts required by State statute. Fund balance reserves have also been established.

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

F. Estimates

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

G. Interfund Assets/Liabilities

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

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

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

I. Prepaid Items

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

J. Fixed Assets and Depreciation

Fixed assets used in governmental fund types of the Career Center are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The Career Center does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$250.



COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Obligations

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

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

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. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer 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 is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of proprietary type funds is reflected as a liability in the respective funds. The current portion of unpaid compensated absences for sick leave related to governmental fund type operations is reflected in the respective funds. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The Career Center records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, advances to other funds, and reserves such as textbooks and instructional materials and capital improvements. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds 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 year-end. The contributed capital balance remained unchanged this fiscal year.

Because the Career Center did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

P. Intergovernmental Revenues

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

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Career Center currently participates in several state and federal programs, categorized as follows:

Entitlements

*General Fund:*

State Foundation Program  
State Property Tax Relief

Non-Reimbursable Grants

*Special Revenue Funds:*

Vocational Education  
Education Management Information Systems  
Eisenhower Grant  
Career Development  
Safe Schools  
Title VI  
Schoolnet Professional Development  
Ohio Reads  
Adult Basic Literary Education

*Enterprise Funds:*

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 47% of the Career Center's operating revenue during the 2002 fiscal year.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 3: BUDGETARY PROCESS

*Tax Budget*

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated revenue and expenditures is submitted to the Coshocton County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

*Estimated Resources*

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Career Center by March 1. As part of the certification, the Career Center receives the official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types" do not include July 1, 2001 unencumbered fund balances. However, those fund balances are available for appropriations.

*Appropriations*

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual Appropriation Resolution must be passed by October 1 of each year for the period July 1 to June 30. The Appropriation Resolution fixes spending authority at the fund level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by the Treasurer. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 3: BUDGETARY PROCESS (Continued)

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. 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 are recorded when paid in cash (budget basis) rather than when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditure/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**NOTE 3: BUDGETARY PROCESS (Continued)**

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (Deficiency) of Revenues Over Expenditures and Other  
Sources (Uses) Reconciliation of Budget Basis to GAAP Basis

|                      | General<br>Fund   | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund |
|----------------------|-------------------|----------------------------|-----------------------------|
| Budgetary Basis      | \$ 94,470         | \$ 11,620                  | \$ (11,410)                 |
| Encumbrances         | 38,659            | 25,716                     | 0                           |
| Revenue accruals     | (46,303)          | (61,166)                   | 0                           |
| Expenditure accruals | <u>16,832</u>     | <u>(195)</u>               | <u>0</u>                    |
| GAAP Basis           | <u>\$ 103,658</u> | <u>\$ (24,025)</u>         | <u>\$ (11,410)</u>          |

**NOTE 4: ACCOUNTABILITY**

At June 30, 2002, the Special Revenue Fund Type had a deficit fund balance of \$24,853 resulting from the recognition of liabilities in accordance with generally accepted accounting principles. The General Fund is liable for any deficit in these funds and provides operating transfers to cover deficit balances when cash is required, not when accruals occur.

The self-insurance internal service fund had deficit retained earning of \$295,030 at June 30, 2002, resulting from \$209,201 excess of claims paid over cash receipts and beginning cash reserves and from the recognition of liabilities in accordance with generally accepted accounting principles. However, the General fund did not have sufficient cash reserves to cover the deficit cash balance. The \$209,201 negative cash balance is owed to OME-RESA School Employees Insurance Consortium and reported in the general purpose financial statements as accounts payable. Management is currently analyzing these operations to determine appropriate steps to alleviate the deficits.

**NOTE 5: DEPOSITS AND INVESTMENTS**

State statues classify monies held by the Career Center into three categories.

Active deposits are public deposits necessary to meet the 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 or withdrawal (NOW) accounts, or in money market deposit accounts.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Inactive deposits are public deposits identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation or 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 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.

Interim monies may be deposited or invested in the following securities:

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and any other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6) The State Treasurer's Investment Pool (STAROhio).

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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.

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

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 Career Center or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits and Cash

The Career Center had \$310 of petty cash at June 30, 2002.

At year-end, the carrying amount of the Career Center's deposits was \$119,279, and the bank balance was \$203,481.

1. \$100,000 was covered by federal depository insurance.
2. \$103,481 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money has been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The Career Center participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year end for the Employee Benefit Self-Insurance Fund was \$(209,201), which is owed to the Consortium and is reported as accounts payable. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium.



**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments

STAROhio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

|          | <u>Carrying<br/>Value</u> | <u>Fair<br/>Value</u> |
|----------|---------------------------|-----------------------|
| STAROhio | \$ 298,090                | \$ 298,090            |

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

|                      | <u>Cash and Cash<br/>Equivalents</u> | <u>Investments</u> |
|----------------------|--------------------------------------|--------------------|
| GASB Statement No. 9 | \$ 417,679                           | \$ 0               |
| Cash on hand         | (310)                                | 0                  |
| STAROhio             | <u>(298,090)</u>                     | <u>298,090</u>     |
| GASB Statement No. 3 | <u>\$ 119,279</u>                    | <u>\$ 298,090</u>  |

NOTE 6: FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

|                         | <u>Balance<br/>July 1, 2001</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance<br/>June 30, 2002</u> |
|-------------------------|---------------------------------|------------------|------------------|----------------------------------|
| Land                    | \$ 28,429                       | \$ 0             | \$ 0             | \$ 28,429                        |
| Buildings & improvement | 3,077,237                       | 0                | 0                | 3,077,237                        |
| Furniture & equipment   | 1,389,865                       | 41,749           | 0                | 1,431,614                        |
| Vehicles                | <u>0</u>                        | <u>7,287</u>     | <u>0</u>         | <u>7,287</u>                     |
| Totals                  | <u>\$ 4,495,531</u>             | <u>\$ 49,036</u> | <u>\$ 0</u>      | <u>\$ 4,544,567</u>              |

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

NOTE 6: FIXED ASSETS AND DEPRECIATION (Continued)

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

|                                |                      |
|--------------------------------|----------------------|
| <u>Enterprise</u>              | <u>June 30, 2002</u> |
| Equipment                      | \$ 82,171            |
| Less: Accumulated Depreciation | <u>(75,312)</u>      |
| <br>Net Fixed Assets           | <br><u>\$ 6,859</u>  |

NOTE 7: LONG-TERM OBLIGATIONS

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

|   | <u>Principal<br/>Outstanding<br/>June 30, 2001</u> | <u>Additions</u>    | <u>Deductions</u>      | <u>Principal<br/>Outstanding<br/>June 30, 2002</u> |
|---|--|---------------------|------------------------|--|
| Intergovernmental payable                   | \$ 16,749  | \$ 1,999            | \$ (16,749)            | \$ 1,999   |
| Compensated absences                        | <u>174,046</u>                                     | <u>0</u>            | <u>(4,876)</u>         | <u>169,170</u>                                     |
| <br>Total General Long-<br>Term Obligations | <br><u>\$ 190,795</u>                              | <br><u>\$ 1,999</u> | <br><u>\$ (21,625)</u> | <br><u>\$ 171,169</u>                              |

NOTE 8: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Career Center. The Coshocton County Auditor is responsible for assessing and remitting these property taxes to the Career Center.

Real property taxes are based on assessed value equal to 35% of appraisal value. The Coshocton County Auditor reappraises real property every six years with a triennial update. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, real property taxes are billed semi-annually one year in arrears. The tax rate applied to real property collected in 2001 before certain homestead and rollback reductions, which reductions are reimbursed to the Career Center by the State of Ohio, amounted to \$2.50 per \$1,000 of valuation. The effective tax rate applied after adjustment for inflationary increases in property values was \$2.50 per \$1,000 of assessed valuation for residential and agricultural real property, and \$2.50 per \$1,000 of assessed valuation for other real property.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**NOTE 8: PROPERTY TAXES (Continued)**

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2001 was \$2.50 per \$1,000 of valuation.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the Career Center as an advance at June 30, 2002, was

|                       | <u>Coshocton</u>      | <u>Guernsey</u>     | <u>Licking</u>      | <u>Tuscarawas</u>   | <u>Muskingum</u> |
|-----------------------|-----------------------|---------------------|---------------------|---------------------|------------------|
| Real Property - 2001: |                       |                     |                     |                     |                  |
| Residential/          |                       |                     |                     |                     |                  |
| Agricultural          | \$ 301,853,990        | \$ 1,375,920        | \$ 7,135,360        | \$ 1,353,810        | \$ 16,840        |
| Commercial/Industrial | 82,609,600            | 316,830             | 110,730             | 0                   | 0                |
| Public Utilities      | 397,350               | 0                   | 0                   | 0                   | 0                |
| Minerals              | 2,376,360             | 33,180              | 325,220             | 8,130               | 0                |
| Tangible Personal     |                       |                     |                     |                     |                  |
| Property - 2002:      |                       |                     |                     |                     |                  |
| General               | 81,338,548            | 22,120              | 102,760             | 7,100               | 19,550           |
| Public Utilities      | <u>91,348,590</u>     | <u>388,340</u>      | <u>563,490</u>      | <u>181,670</u>      | <u>6,250</u>     |
| Total Valuation       | <u>\$ 559,924,438</u> | <u>\$ 2,136,390</u> | <u>\$ 8,237,560</u> | <u>\$ 1,550,710</u> | <u>\$ 42,640</u> |

\$27,848.

**NOTE 9: RECEIVABLES**

Receivables at June 30, 2002 consisted of tuition and state grants. The amounts for grants not collected in the available period are recorded as deferred revenue. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

|                                     |                   |
|-------------------------------------|-------------------|
| General Fund:                       |                   |
| Governors Office of Appalachia      | \$ 5,000          |
| Special Revenue Fund:               |                   |
| Adult Basic & Literacy Education    | 43,580            |
| Accreditation Resources             | 22,400            |
| CDP, Title II                       | <u>48,118</u>     |
| Total Intergovernmental Receivables | <u>\$ 119,098</u> |

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**NOTE 10: STATUTORY RESERVES**

The School District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

|  | <u>Textbook<br/>Reserve</u> | <u>Capital<br/>Maintenance</u> | <u>BWC Reserve<br/>(formerly Budget<br/>Stabilization)</u> | <u>Totals</u>       |
|--|-----------------------------|--------------------------------|--|---------------------|
| Cash balances as of                          |                             |                                |  |                     |
| June 30, 2002                                | \$ 0                        | \$ 81,694                      | \$ 14,171  | \$ 95,865           |
| Current year set-aside requirement           | 23,716                      | 23,716                         | 0  | 47,432              |
| Current year offsets                         | 0                           | 0                              | 0  | 0                   |
| Current year qualifying disbursements        | (103,610)                   | (43,674)                       | 0  | (147,284)           |
| Prior year excess qualifying disbursements   | (152,914)                   | 0                              | 0  | (152,914)           |
| Amount transferred to Internal Service Fund  | <u>0</u>                    | <u>0</u>                       | <u>(14,171)</u>  | <u>(14,171)</u>     |
| Amount available for carryforward to FY 2003 | <u>\$ (232,808)</u>         | <u>\$ 61,736</u>               | <u>\$ 0</u>  | <u>\$ (171,072)</u> |
| Cash balance carried forward to FY 2003      | <u>\$ 0</u>                 | <u>\$ 61,736</u>               | <u>\$ 0</u>  | <u>61,736</u>       |
| Amount restricted for capital maintenance    |                             |                                |  | <u>\$ 61,736</u>    |

Effective April 10, 2002, the Ohio legislature passed Am. Sub. Senate Bill 345, that addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A district may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2002 are classified in two categories (1) Bureau of Workers' Compensation (BWC) refunds, and (2) the balance of the reserve which does not represent BWC refunds. The Statute includes specific purposes for which the monies representing BWC refunds can be used. The BWC refund reserve was transferred to the Internal Service Fund and was used to reduce the negative fund balance.

The District had qualifying disbursements in the textbook set-aside during the year that reduced the set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirements in future years.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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NOTE 11: DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System (SERS)

The Career Center contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes general purpose financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the Career Center is required to contribute 14% with 4.20% being the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$64,594, \$58,152 and \$52,760, respectively. 100% has been contributed for fiscal year 2002, 2001 and 2000.

B. State Teachers Retirement System (STRS)

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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes general purpose financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and the Career Center is required to contribute 14% with 9.5% being the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The Career Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$200,511, \$185,331 and \$191,748, respectively; 100% has been contributed for fiscal year years 2002, 2001 and 2000.

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 11: DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

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

NOTE 12: 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 non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the Career Center, this amount equaled \$64,450 during the 2002 fiscal year. For the fiscal year ended June 30, 2001, the most current information available, the net health care costs paid by STRS were \$300,772,000 statewide. There were 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten years or more fiscal years of qualifying service credit, 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% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.80% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2002, the minimum pay was established at \$12,400. For the Career Center the amount to fund healthcare benefits, including surcharge, equaled \$47,442 during the 2002 fiscal year. The number of participants currently receiving health care benefits statewide is 50,000. For the fiscal year ended June 30, 2001, the most current information available, net health care costs by School Employees Retirement System were \$315,700,000 statewide.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

NOTE 13: NON-CASH TRANSACTIONS

The Career Center receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$5,292.

NOTE 14: INTERFUND ACTIVITY

A) Interfund Transactions

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

| <u>Fund Type/Fund</u> | <u>Receivables</u> |                  | <u>Payables</u>  |                  |
|-----------------------|--------------------|------------------|------------------|------------------|
|                       | <u>Interfund</u>   | <u>Advances</u>  | <u>Interfund</u> | <u>Advances</u>  |
|                       |                    | <u>To</u>        |                  | <u>From</u>      |
| General Fund          | \$ 80,206          | \$ 71,131        | \$ 0             | \$ 0             |
| Special Revenue Fund: |                    |                  |                  |                  |
| Adult Basic Education | 0                  | 0                | 39,231           | 45,234           |
| Adult Education       | 0                  | 0                | 0                | 25,897           |
| Vocational Education  |                    |                  |                  |                  |
| Professional Dev.     | <u>0</u>           | <u>0</u>         | <u>40,975</u>    | <u>0</u>         |
| Totals                | <u>\$ 80,206</u>   | <u>\$ 71,131</u> | <u>\$ 80,206</u> | <u>\$ 71,131</u> |

B) Reconciliation of Interfund Transfers

|   | <u>Transfers-In</u> | <u>Transfers-Out</u> |
|---|---------------------|----------------------|
| Governmental Fund Types and Expendable Trust Funds: |                     |                      |
| General   | \$ 0                | \$ (550)             |
| Proprietary and Similar Fiduciary Fund Types:       |                     |                      |
| Agency  | <u>550</u>          | <u>0</u>             |
| Total   | <u>\$ 550</u>       | <u>\$ (550)</u>      |

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

NOTE 15: SEGMENT INFORMATION – ENTERPRISE FUNDS

The Career Center maintains enterprise funds to account for the operation of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Career Center as of and for the fiscal year ended June 30, 2002.

|  | Food<br>Services | Uniform<br>Supplies | Total<br>Enterprise |
|--|------------------|---------------------|---------------------|
| Operating revenues                           | \$ 50,600        | \$ 7,646            | \$ 58,246           |
| Operating expenses:                          |                  |                     |                     |
| Salaries and wages                           | 32,129           | 0                   | 32,129              |
| Fringe benefits                              | 13,943           | 0                   | 13,943              |
| Purchased services                           | 2,108            | 0                   | 2,108               |
| Materials and supplies                       | 47,447           | 9,802               | 57,249              |
| Depreciation                                 | 702              | 0                   | 702                 |
| Total operating expenses                     | 96,329           | 9,802               | 106,131             |
| Operating loss                               | (45,729)         | (2,156)             | (47,885)            |
| Non-operating revenues                       | 35,674           | 0                   | 35,674              |
| Interfund transfers                          | 7,579            | 0                   | 7,579               |
| Net loss                                     | \$ (2,476)       | \$ (2,156)          | \$ (4,632)          |
| Other information:                           |                  |                     |                     |
| Net working capital                          | \$ (2,181)       | \$ 1,347            | \$ (834)            |
| Fixed assets, net                            | 6,859            | 0                   | 6,859               |
| Total assets                                 | 11,952           | 1,347               | 13,299              |
| Total equity                                 | 1,157            | 1,347               | 2,504               |
| Encumbrances outstanding<br>at June 30, 2002 | 100              | 0                   | 100                 |



**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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NOTE 16: RISK MANAGEMENT

A. General Insurance

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. The District has a comprehensive property and casualty policy with a deductible of \$250 per incident on property and equipment. The Career Center's comprehensive property and casualty policy aggregate limit is approximately \$6,882,700. The Career Center's vehicle insurance policy limit is \$2,000,000 with a \$500 collision deductible. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the Career Center carries a \$3,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$3,000,000 in aggregate. Settlement claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Fidelity Bond

The board president and superintendent have a \$20,000 position bond. The treasurer is covered under a surety bond in the amount of \$60,000. In addition, the Career Center is covered by an umbrella policy in the amount of \$200,000.

C. Workers' Compensation

The Career Center pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The Career Center is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

D. Employee Health Insurance

The Career Center is self-insured for its medical, visions and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The District is a member of the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool, consisting of fifty members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. The liability for unpaid claims cost of \$100,000 is reported in the fund at June 30, 2002 in accordance with Government Accounting Standards Board Statement No. 10.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

NOTE 16: RISK MANAGEMENT (Continued)

Changes in the fund's claim liability for 2001 and 2002 are listed below.

|      | <u>Balance at<br/>Beginning<br/>of Year</u> | <u>Claims</u> | <u>Payments</u> | <u>Balance at<br/>End of Year</u> |
|------|---|---------------|-----------------|-----------------------------------|
| 2001 | \$ 12,661                                   | \$ 327,407    | \$ 247,746      | \$ 92,322                         |
| 2002 | \$ 92,322                                   | \$ 381,412    | \$ 373,734      | \$ 100,000                        |

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Association (OME-RESA)

OME-RESA is a jointly governed organization comprised of 52 schools, created as a regional council of governments pursuant to state statute. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member school districts. Each of the governments of these school districts support OME-RESA based on a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Jefferson County Education Services Center, which serves as fiscal agent, located in Steubenville, Ohio.

NOTE 18: CONTINGENCIES

A. Grants

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

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

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NOTE 18: CONTINGENCIES (Continued)

B. Litigation

The Career Center is not party to any claims or lawsuits that would have a material effect, if any, on the financial condition of the Career Center.

NOTE 19: STATE SCHOOL FUNDING DECISION

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2002, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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

NOTE 20: SUBSEQUENT EVENTS

On August 27, 2002, the District issued note debt amounting to \$475,000, payable in annual installments over the next ten years for the purpose of a House Bill 264 project.

# Rea & Associates, Inc.

## ACCOUNTANTS AND BUSINESS CONSULTANTS

December 5, 2002

To the Board of Education  
Coshocton County Career Center  
Coshocton, OH 43812

Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of Coshocton County Career Center (the "Career Center") as of and for the year ended June 30, 2002, and have issued our report thereon dated December 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Career Center in a separate letter dated December 5, 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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations 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 5, 2002.

This report is intended for the information of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Rea & Associates, Inc.*



**Auditor of State  
Betty Montgomery**

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**COSHOCTON COUNTY CAREER CENTER**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 30, 2003**