



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**KNOX COUNTY CAREER CENTER
KNOX COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Knox County Career Center
Knox County
306 Martinsburg Road
Mt. Vernon, Ohio 43050

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements.

We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

JIM PETRO
Auditor of State

November 19, 2002

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Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002 (Continued)

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Internal Service</u>
<i>Assets and Other Debits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,739,583	\$125,572	\$92,621	\$9,144
Receivables:				
Taxes	3,325,603	0	0	0
Accounts	10,618	0	14,800	0
Intergovernmental	19,719	31,605	0	0
Accrued Interest	1,404	0	0	0
Interfund	32,013	0	0	0
Inventory Held for Resale	0	0	3,546	0
Materials and Supplies Inventory	13,454	0	0	0
Prepaid Items	29,208	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	37,783	0
Other Debits				
Amount to be Provided from General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	<u>\$11,171,602</u>	<u>\$157,177</u>	<u>\$148,750</u>	<u>\$9,144</u>

Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002 (Continued)

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations		
	\$36,609	\$0	\$0	\$8,003,529
	0	0	0	3,325,603
	0	0	0	25,418
	0	0	0	51,324
	0	0	0	1,404
	0	0	0	32,013
	0	0	0	3,546
	0	0	0	13,454
	0	0	0	29,208
	0	5,908,839	0	5,946,622
	0	0	905,286	905,286
	<u>\$36,609</u>	<u>\$5,908,839</u>	<u>\$905,286</u>	<u>\$18,337,407</u>

(Continued)

Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002 (Continued)

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Internal Service</u>
<i>Liabilities, Fund Equity and Other Credits</i>				
Liabilities				
Accounts Payable	\$52,136	\$6,210	\$8,713	\$0
Accrued Wages Payable	417,316	7,812	28,010	0
Compensated Absences Payable	18,466	0	36,754	0
Interfund Payable	0	32,013	0	0
Intergovernmental Payable	35,153	1,914	8,113	0
Deferred Revenue	2,264,761	24,111	0	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	6,831
Energy Conservation Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	<u>2,787,832</u>	<u>72,060</u>	<u>81,590</u>	<u>6,831</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	67,160	2,313
Fund Balance:				
Reserved for Encumbrances	185,075	32,120	0	0
Reserved for Inventory	13,454	0	0	0
Reserved for Property Taxes	1,060,842	0	0	0
Reserved for Endowments	0	0	0	0
Unreserved, Undesignated	7,124,399	52,997	0	0
<i>Total Fund Equity and Other Credits</i>	<u>8,383,770</u>	<u>85,117</u>	<u>67,160</u>	<u>2,313</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$11,171,602</u>	<u>\$157,177</u>	<u>\$148,750</u>	<u>\$9,144</u>

See accompanying notes to the general purpose financial statements

Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002 (Continued)

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
\$0	\$0	\$0	\$67,059
0	0	0	453,138
0	0	423,467	478,687
0	0	0	32,013
0	0	11,980	57,160
0	0	0	2,288,872
22,792	0	0	22,792
0	0	0	6,831
0	0	469,839	469,839
<u>22,792</u>	<u>0</u>	<u>905,286</u>	<u>3,876,391</u>
0	5,908,839	0	5,908,839
0	0	0	69,473
0	0	0	217,195
0	0	0	13,454
0	0	0	1,060,842
11,868	0	0	11,868
1,949	0	0	7,179,345
<u>13,817</u>	<u>5,908,839</u>	<u>0</u>	<u>14,461,016</u>
<u>\$36,609</u>	<u>\$5,908,839</u>	<u>\$905,286</u>	<u>\$18,337,407</u>

Knox County Career Center
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

	General	Special Revenue	Totals (Memorandum Only)
Revenues			
Taxes	\$3,398,701	\$0	\$3,398,701
Intergovernmental	3,632,575	475,399	4,107,974
Interest	204,068	115	204,183
Customer Services	67,255	0	67,255
Tuition and Fees	18,125	40	18,165
Donations	5,444	25,466	30,910
Miscellaneous	134,720	0	134,720
<i>Total Revenues</i>	<u>7,460,888</u>	<u>501,020</u>	<u>7,961,908</u>
Expenditures			
Current:			
Instruction:			
Regular	37,520	112,532	150,052
Vocational	3,134,321	75,456	3,209,777
Adult/Continuing	0	55,378	55,378
Support Services:			
Pupils	329,501	75,135	404,636
Instructional Staff	468,959	136,963	605,922
Board of Education	9,505	0	9,505
Administration	658,975	13,044	672,019
Fiscal	299,181	34	299,215
Business	83,871	0	83,871
Operation and Maintenance of Plant	847,746	2,256	850,002
Central	595	59,956	60,551
Non-Instructional Services	10,000	441	10,441
Extracurricular Activities	25,797	0	25,797
Intergovernmental	13,402	0	13,402
Capital Outlay	24,000	0	24,000
Debt Service:			
Principal Retirement	76,288	0	76,288
Interest and Fiscal Charges	27,066	0	27,066
<i>Total Expenditures</i>	<u>6,046,727</u>	<u>531,195</u>	<u>6,577,922</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,414,161</u>	<u>(30,175)</u>	<u>1,383,986</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	625	0	625
Operating Transfers In	0	33,587	33,587
Operating Transfers Out	(80,587)	0	(80,587)
<i>Total Other Financing Sources (Uses)</i>	<u>(79,962)</u>	<u>33,587</u>	<u>(46,375)</u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</i>	1,334,199	3,412	1,337,611
<i>Fund Balances Beginning of Year</i>	7,059,148	81,705	7,140,853
<i>Decrease in Materials and Supplies Inventory</i>	<u>(9,577)</u>	<u>0</u>	<u>(9,577)</u>
<i>Fund Balances End of Year</i>	<u><u>\$8,383,770</u></u>	<u><u>\$85,117</u></u>	<u><u>\$8,468,887</u></u>

See accompanying notes to the general purpose financial statements

Knox 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 Fiscal Year Ended June 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$3,456,650	\$3,400,760	(\$55,890)	\$0	\$0	\$0
Intergovernmental	3,070,012	3,632,575	562,563	490,228	464,439	(25,789)
Interest	350,000	206,330	(143,670)	100	115	15
Customer Services	64,000	67,255	3,255	0	0	0
Tuition and Fees	7,500	13,370	5,870	20,000	3,975	(16,025)
Donations	2,000	5,444	3,444	18,726	25,466	6,740
Miscellaneous	78,000	153,543	75,543	0	0	0
<i>Total Revenues</i>	<u>7,028,162</u>	<u>7,479,277</u>	<u>451,115</u>	<u>529,054</u>	<u>493,995</u>	<u>(35,059)</u>
Expenditures						
Current:						
Instruction:						
Regular	46,263	37,607	8,656	127,790	119,027	8,763
Vocational	3,504,905	3,219,042	285,863	85,563	78,087	7,476
Adult/Continuing	0	0	0	62,320	57,073	5,247
Support Services:						
Pupils	351,628	323,813	27,815	93,628	89,835	3,793
Instructional Staff	517,322	496,067	21,255	141,812	139,490	2,322
Board of Education	12,900	9,505	3,395	0	0	0
Administration	724,709	657,345	67,364	13,175	13,044	131
Fiscal	356,415	300,457	55,958	78	34	44
Business	99,892	84,375	15,517	0	0	0
Operation and Maintenance of Plant	1,203,866	938,289	265,577	10,153	2,215	7,938
Central	1,170	579	591	68,587	68,587	0
Non-Instructional Services	20,878	20,877	1	1,000	441	559
Extracurricular Activities	27,786	26,420	1,366	775	775	0
Capital Outlay	55,450	52,450	3,000	0	0	0
Debt Service:						
Principal Retirement	76,300	76,288	12	0	0	0
Interest and Fiscal Charges	27,100	27,066	34	0	0	0
<i>Total Expenditures</i>	<u>7,026,584</u>	<u>6,270,180</u>	<u>756,404</u>	<u>604,881</u>	<u>568,608</u>	<u>36,273</u>
<i>Excess of Revenues Over (Under)</i>						
<i>Expenditures</i>	<u>1,578</u>	<u>1,209,097</u>	<u>1,207,519</u>	<u>(75,827)</u>	<u>(74,613)</u>	<u>1,214</u>
Other Financing Sources (Uses)						
Other Financing Sources	0	43	43	15,911	15,911	0
Proceeds from Sale of Fixed Assets	0	625	625	0	0	0
Refund of Prior Year Expenditures	0	154	154	0	0	0
Advances In	0	115,196	115,196	48,223	80,236	32,013
Advances Out	(88,517)	(80,236)	8,281	(90,196)	(90,196)	0
Operating Transfers In	0	0	0	17,587	33,587	16,000
Operating Transfers Out	(94,040)	(80,587)	13,453	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(182,557)</u>	<u>(44,805)</u>	<u>137,752</u>	<u>(8,475)</u>	<u>39,538</u>	<u>48,013</u>
<i>Excess of Revenues and Other</i>						
<i>Financing Sources Over (Under)</i>						
<i>Expenditures and Other Financing Uses</i>	<u>(180,979)</u>	<u>1,164,292</u>	<u>1,345,271</u>	<u>(84,302)</u>	<u>(35,075)</u>	<u>49,227</u>
<i>Fund Balances Beginning of Year</i>	6,222,217	6,222,217	0	49,906	49,906	0
<i>Prior Year Encumbrances Appropriated</i>	112,407	112,407	0	50,510	50,510	0
<i>Fund Balances End of Year</i>	<u>\$6,153,645</u>	<u>\$7,498,916</u>	<u>\$1,345,271</u>	<u>\$16,114</u>	<u>\$65,341</u>	<u>\$49,227</u>

(Continued)

Knox 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 Fiscal Year Ended June 30, 2002

Totals (Memorandum Only)			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$3,456,650	\$3,400,760	(\$55,890)
Intergovernmental	3,560,240	4,097,014	536,774
Interest	350,100	206,445	(143,655)
Customer Services	64,000	67,255	3,255
Tuition and Fees	27,500	17,345	(10,155)
Donations	20,726	30,910	10,184
Miscellaneous	78,000	153,543	75,543
<i>Total Revenues</i>	7,557,216	7,973,272	416,056
Expenditures			
Current:			
Instruction:			
Regular	174,053	156,634	17,419
Vocational	3,590,468	3,297,129	293,339
Adult/Continuing	62,320	57,073	5,247
Support Services:			
Pupils	445,256	413,648	31,608
Instructional Staff	659,134	635,557	23,577
Board of Education	12,900	9,505	3,395
Administration	737,884	670,389	67,495
Fiscal	356,493	300,491	56,002
Business	99,892	84,375	15,517
Operation and Maintenance of Plant	1,214,019	940,504	273,515
Central	69,757	69,166	591
Non-Instructional Services	21,878	21,318	560
Extracurricular Activities	28,561	27,195	1,366
Capital Outlay	55,450	52,450	3,000
Debt Service:			
Principal Retirement	76,300	76,288	12
Interest and Fiscal Charges	27,100	27,066	34
<i>Total Expenditures</i>	7,631,465	6,838,788	792,677
<i>Excess of Revenues Over (Under)</i>			
<i>Expenditures</i>	(74,249)	1,134,484	1,208,733
Other Financing Sources (Uses)			
Other Financing Sources	15,911	15,954	43
Proceeds from Sale of Fixed Assets	0	625	625
Refund of Prior Year Expenditures	0	154	154
Advances In	48,223	195,432	147,209
Advances Out	(178,713)	(170,432)	8,281
Operating Transfers In	17,587	33,587	16,000
Operating Transfers Out	(94,040)	(80,587)	13,453
<i>Total Other Financing Sources (Uses)</i>	(191,032)	(5,267)	185,765
<i>Excess of Revenues and Other</i>			
<i>Financing Sources Over (Under)</i>			
<i>Expenditures and Other Financing Uses</i>	(265,281)	1,129,217	1,394,498
<i>Fund Balances Beginning of Year</i>	6,272,123	6,272,123	0
Prior Year Encumbrances Appropriated	162,917	162,917	0
<i>Fund Balances End of Year</i>	\$6,169,759	\$7,564,257	\$1,394,498

See accompanying notes to the general purpose financial statements

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Knox County Career Center
 Combined Statement of Revenues, Expenses, and Changes in
 Retained Earnings/Fund Balance - All Proprietary
 Fund Types and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Non-Expendable (Memorandum Trust)	Totals Only)
Operating Revenues				
Sales	\$216,508	\$0	\$0	\$216,508
Tuition	597,924	0	0	597,924
Charges for Services	10,078	12,168	0	22,246
Donations	0	0	50	50
Other	4,677	0	374	5,051
<i>Total Operating Revenues</i>	<u>829,187</u>	<u>12,168</u>	<u>424</u>	<u>841,779</u>
Operating Expenses				
Salaries and Wages	646,714	0	0	646,714
Fringe Benefits	176,039	0	0	176,039
Purchased Services	61,089	1,133	0	62,222
Materials and Supplies	150,063	0	50	150,113
Cost of Sales	80,715	0	0	80,715
Claims	0	8,722	0	8,722
Other	9,324	0	142	9,466
Depreciation	6,312	0	0	6,312
<i>Total Operating Expenses</i>	<u>1,130,256</u>	<u>9,855</u>	<u>192</u>	<u>1,140,303</u>
<i>Operating Income (Loss)</i>	<u>(301,069)</u>	<u>2,313</u>	<u>232</u>	<u>(298,524)</u>
Non-Operating Revenues (Expenses)				
Donated Commodities	7,894	0	0	7,894
Interest	109	0	0	109
Operating Grants	235,863	0	0	235,863
Loss on Sale of Fixed Assets	(3,522)	0	0	(3,522)
Other	3,000	0	0	3,000
<i>Total Non-Operating Revenues (Expenses)</i>	<u>243,344</u>	<u>0</u>	<u>0</u>	<u>243,344</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>(57,725)</u>	<u>2,313</u>	<u>232</u>	<u>(55,180)</u>
Operating Transfers In	47,000	0	0	47,000
<i>Net Income (Loss)</i>	<u>(10,725)</u>	<u>2,313</u>	<u>232</u>	<u>(8,180)</u>
<i>Retained Earnings/Fund Balance Beginning of Year</i>	<u>77,885</u>	<u>0</u>	<u>13,585</u>	<u>91,470</u>
<i>Retained Earnings/Fund Balance End of Year</i>	<u><u>\$67,160</u></u>	<u><u>\$2,313</u></u>	<u><u>\$13,817</u></u>	<u><u>\$83,290</u></u>

See accompanying notes to the general purpose financial statements

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Knox County Career Center
 Combined Statement of Revenues, Expenses and Changes in Fund Equity
 Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types
 and Nonexpendable Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Enterprise			Internal Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Sales	\$209,450	\$216,508	\$7,058	\$0	\$0	\$0
Tuition	558,531	589,743	31,212	0	0	0
Charges for Services	31,000	45,648	14,648	12,636	12,168	(468)
Donations	0	0	0	0	0	0
Interest	100	109	9	0	0	0
Operating Grants	260,500	235,669	(24,831)	0	0	0
Refund of Prior Year Expense	0	683	683	0	0	0
Other	3,000	6,993	3,993			0
<i>Total Revenues</i>	1,062,581	1,095,353	32,772	12,636	12,168	(468)
Expenses						
Salaries and Wages	688,217	681,034	7,183	0	0	0
Fringe Benefits	184,454	179,358	5,096	0	0	0
Purchased Services	74,572	63,333	11,239	1,188	1,133	55
Materials and Supplies	248,301	235,786	12,515	0	0	0
Claims	0	0	0	11,448	1,891	9,557
Capital Outlay	7,584	7,236	348	0	0	0
Other	10,249	9,324	925	0	0	0
<i>Total Expenses</i>	1,213,377	1,176,071	37,306	12,636	3,024	9,612
<i>Excess of Revenues Over (Under) Expenses</i>	(150,796)	(80,718)	70,078	0	9,144	9,144
Operating Transfers In	45,419	47,000	1,581	0	0	0
Advances Out	(25,000)	(25,000)	0	0	0	0
Advances In	2,000	0	(2,000)	0	0	0
<i>Excess of Revenues and Operating Transfers In and Advances In Over (Under) Expenses and Advances Out</i>	(128,377)	(58,718)	69,659	0	9,144	9,144
<i>Fund Equity Beginning of Year</i>	126,400	126,400	0	0	0	0
Prior Year Encumbrances Appropriated	6,480	6,480	0	0	0	0
<i>Fund Equity End of Year</i>	4,503	74,162	69,659	0	9,144	9,144

See accompanying notes to the general purpose financial statements

Non-Expendable Trust			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$209,450	\$216,508	\$7,058
0	0	0	558,531	589,743	31,212
0	0	0	43,636	57,816	14,180
0	50	50	0	50	50
670	374	(296)	770	483	(287)
0	0	0	260,500	235,669	(24,831)
0	0	0	0	683	683
0	0	0	3,000	6,993	3,993
670	424	(246)	1,075,887	1,107,945	32,058
0	0	0	688,217	681,034	7,183
0	0	0	184,454	179,358	5,096
0	0	0	75,760	64,466	11,294
200	50	150	248,501	235,836	12,665
0	0	0	11,448	1,891	9,557
0	0	0	7,584	7,236	348
600	142	458	10,849	9,466	1,383
800	192	608	1,226,813	1,179,287	47,526
(130)	232	362	(150,926)	(71,342)	79,584
0	0	0	45,419	47,000	1,581
0	0	0	(25,000)	(25,000)	0
0	0	0	2,000	0	(2,000)
(130)	232	362	(128,507)	(49,342)	79,165
13,585	13,585	0	139,985	139,985	0
0	0	0	6,480	6,480	0
13,455	13,817	362	17,958	97,123	79,165

Knox County Career Center
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2002 (Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$851,899	\$0	\$0	\$851,899
Cash Received from Quasi-External				
Operating Transactions with Other Funds	0	12,168	0	12,168
Cash Received from Other Operating Sources	4,676	0	424	5,100
Cash Payments for Goods and Services	(281,512)	(1,133)	(50)	(282,695)
Cash Payments to Employees for Services and Benefits	(860,392)	0	0	(860,392)
Cash Payments for Claims	0	(1,891)	0	(1,891)
Cash Payments for Other Operating Expenses	(9,316)	0	(142)	(9,458)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(294,645)</u>	<u>9,144</u>	<u>232</u>	<u>(285,269)</u>
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	235,863	0	0	235,863
Short Term Loans	(25,000)	0	0	(25,000)
Other Non-Operating Revenue	3,000	0	0	3,000
Operating Transfers In	47,000	0	0	47,000
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>260,863</u>	<u>0</u>	<u>0</u>	<u>260,863</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(6,584)	0	0	(6,584)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(6,584)</u>	<u>0</u>	<u>0</u>	<u>(6,584)</u>
Cash Flows from Investing Activities				
Interest on Investments	109	0	0	109
<i>Net Cash Provided by Investing Activities</i>	<u>109</u>	<u>0</u>	<u>0</u>	<u>109</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(40,257)	9,144	232	(30,881)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>132,878</u>	<u>0</u>	<u>13,585</u>	<u>146,463</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$92,621</u></u>	<u><u>\$9,144</u></u>	<u><u>\$13,817</u></u>	<u><u>\$115,582</u></u>

(Continued)

Knox County Career Center
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2002 (Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities				
<i>Operating Income (Loss)</i>	(\$301,069)	\$2,313	\$232	(\$298,524)
<i>Adjustments:</i>				
Depreciation Expense	6,312	0	0	6,312
Donated Commodities Received During the Year	5,997	0	0	5,997
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	28,042	0	0	28,042
Inventory Held for Resale	337	0	0	337
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	5,756	0	0	5,756
Accrued Wages Payable	(10,814)	0	0	(10,814)
Compensated Absences Payable	(25,887)	0	0	(25,887)
Intergovernmental Payable	(1,835)	0	0	(1,835)
Claims Payable	(1,484)	6,831	0	5,347
Total Adjustments	6,424	6,831	0	13,255
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$294,645)</u>	<u>\$9,144</u>	<u>\$232</u>	<u>(\$285,269)</u>

Reconciliation of Cash and Cash Equivalents to the Balance Sheet

Trust and Agency	\$36,609
Less: Agency Funds and Expendable Trust	<u>(22,792)</u>
Non-Expendable Trust Fund	<u>\$13,817</u>

Non-Cash Noncapital Financing Activities

Federal donated commodities in the amount of \$7,894 were recorded as revenue when received in the food service enterprise

See accompanying notes to the general purpose financial statements

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Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 1 - Description of the School District and Reporting Entity

The first official body designated as the Knox County Career Center Board of Education was formed in 1966. Knox County Career Center ("School District") is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the right and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes six member school districts spread throughout Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland counties.

The School District is a jointly governed organization operating under a seven member board: three members are appointed by the Knox County Education Service Center Board, three by the City of Mount Vernon School Board, and one by the Richland County Education Service Center Board. The School District provides educational services as authorized and mandated by State or federal agencies.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District participates in two organizations, the Tri-Rivers Educational Computer Association, a jointly governed organization and the Ohio School Plan, an insurance purchasing pool. See Note 16 and 17.

Note 2 - Summary of Significant Accounting Policies

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

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

Internal Service Fund - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Fiduciary Fund Type

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

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term 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 School District, other than those accounted for in the proprietary funds.

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

B. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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 to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered 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 were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and the amounts received are reported as donated commodities revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund/special cost center level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Knox County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund/special cost center, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations, and do not exceed the certificate of estimated resources that was in effect at the time the final appropriations were passed. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. During fiscal year 2002, investments were limited to STAR Ohio, federal agency securities, and certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$204,068 which includes \$6,750 assigned from other School District funds.

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

E. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables." 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.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

F. 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.

G. Inventory

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

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

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

Assets in the general fixed assets account group are not depreciated. Enterprise fixed assets are depreciated on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Enterprise</u>
Furniture and Equipment:	10 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Sick leave benefits are accrued as a liability using the vesting method. The liability includes employees who are eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after fourteen years of current service with the School District.

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

J. 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, special termination benefits and contractually required pension contributions 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. Payments for these obligations made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. The energy conservation bonds 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.

K. 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.

L. Fund Balance Reserves

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

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

M. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to proprietary funds that is not subject to repayment. The School District does not have any contributed capital.

N. Estimates

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

O. Total Columns on General Purpose Financial Statements

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

Note 3 - Fund Deficits

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

	Deficit
	Fund Balance/Retained Earnings
Special Revenue Fund:	
Preschool Grant Fund	\$6,748
Enterprise Fund	
Adult Education Fund	4,861

The deficits in the special revenue fund and the enterprise fund resulted 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 when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

	General	Special Revenue
GAAP Basis	\$ 1,334,199	\$ 3,412
Net Adjustments for Revenue Accruals	18,586	8,887
Advances In	115,196	80,236
Net Adjustments for Expenditure Accruals	4,539	742
Advances Out	(80,236)	(90,196)
Adjustments for Encumbrances	(227,992)	(38,156)
Budget Basis	\$ 1,164,292	(\$35,075)

Net Income (Loss)/Excess of Revenues and Operating Transfers In and Advances In
Over (Under) Expenses and Advances Out
Proprietary Fund Types and Non-Expendable Trust Fund

	Enterprise	Internal Service	Non-Expendable Trust
GAAP Basis	\$ (10,725)	\$ 2,313	\$ 232
Net Adjustments for Revenue Accruals	12,309	0	0
Donated Commodities	6,990	0	0
Net Adjustments for Expense Accruals	(23,754)	6831	0
Advances Out	(25,000)	0	0
Capital Outlay	(6,584)	0	0
Depreciation Expense	6,312	0	0
Adjustments for Encumbrances	(18,266)	0	0
Budget Basis	\$ (58,718)	\$ 9,144	\$ 232

Note 5 - Deposits and Investments

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

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

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

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year-end, the carrying amount of the School District's deposits was \$1,109,437 and the bank balance was \$1,433,929. \$206,166 of the bank balance was covered by federal depository insurance. \$1,227,763 was uninsured and uncollateralized. All State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Cash on Hand: At year end, the School District had \$550 in undeposited cash on hand which is included on the balance sheet of the School District as part of Cash and Cash Equivalents.

Investments: The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The School District's investment in STAR Ohio at June 30, 2002, had a fair market value of \$6,394,857.

	Category <u>1</u>	Carrying <u>Amount</u>	Fair <u>Value</u>
Federal National Mortgage Association	\$498,685	\$498,685	\$498,685

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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:

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

	Cash and Cash	
	<u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 8,003,529	\$0
Investments which are part of a cash management pool:		
Federal National Mortgage Association	(498,685)	498,685
Investment in State Treasurer's Investment Pool	(6,394,857)	6,394,857
Cash on Hand	(550)	0
GASB Statement No. 3	<u>\$ 1,109,437</u>	<u>\$ 6,893,542</u>

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

Real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second - Half Collections		2002 First - Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/ Residential and Other Real Estate	\$684,607,210	70.29%	\$705,823,220	73.74%
Commercial and Industrial	102,903,410	10.56	98,808,970	10.32
Public Utility Personal	56,682,050	5.82	49,012,572	5.12
Tangible Personal Property	<u>129,860,101</u>	<u>13.33</u>	<u>103,535,497</u>	<u>10.82</u>
Total Assessed Values	<u>\$974,052,771</u>	<u>100.00%</u>	<u>\$957,180,259</u>	<u>100.00%</u>

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Tax rate per \$1,000 of assessed valuation	\$6.40	\$6.40
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Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The School District receives property taxes from Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2002 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current year operations. The amount available as an advance is recognized as revenue. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available to the School District as an advance at June 30, 2002 was \$1,060,842 in the general fund.

Note 7 - Receivables

Receivables at June 30, 2002 consisted of taxes, accounts (customer services, insurance premiums and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<i>General Fund</i>	
Knox County Educational Service Center	\$19,719
<i>Special Revenue Funds</i>	
Adult Education Vocation Education Planning District Grant	5,277
Vocational Education Planning District Grant	20,511
Accreditation Resource Assistance Grant	3,600
Enrollment Expansion Grant	2,217
Total Special Revenue Funds	31,605
Total All Funds	\$51,324

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 8 - Fixed Assets

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

Furniture and Equipment	\$127,635
Less accumulated depreciation	89,852
Net Fixed Assets	\$37,783

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

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Land and Improvements	\$21,280	\$19,284	\$0	\$40,564
Buildings and Improvements	4,106,240	141,117	0	4,247,357
Furniture and Equipment	1,433,479	125,888	58,900	1,500,467
Vehicles	107,457	21,167	8,173	120,451
Total	\$5,668,456	\$307,456	\$67,073	\$5,908,839

There was no significant construction in progress at June 30, 2002.

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2002, the School District contracted with Nationwide for property and fleet insurance. The type and amount of coverage provided by Nationwide follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
Building and Contents - replacement cost	\$1,000	\$14,787,100
Boiler and Machinery	1,000	14,717,900
Automobile Liability	0	2,000,000

During fiscal year 2002, the School District joined together with other school district in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays its annual premium to the OSP. (See Note 17)

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:		
Per Occurrence	0	1,000,000
General Aggregate	0	3,000,000

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

B. Employee Medical Benefits

Medical, surgical, dental and vision insurance was offered to all employees through a self insurance internal service fund. The School District was self insured with Medical Benefits serving as the third party administrator through April 30, 2001. As of May 1, 2002, the School District was self-insured for dental and vision insurance only. Changes in the fund's claims liability for the fiscal year 2000, 2001, and 2002 is as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claims Payments	Balance at End of Fiscal Year
2000	\$60,000	\$417,350	\$395,250	\$82,100
2001	82,100	494,493	576,593	0
2002	0	8,722	1,891	6,831

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$47,047, 33,422, and \$45,642, respectively; 100 percent has been contributed for the fiscal year 2002, 2001 and 2000.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was 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 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$328,609, \$203,744 and \$186,424, respectively; 100 percent has been contributed for the fiscal years 2002, 2001 and 2000.

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 percent of wages paid.

Note 11 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. This amount equaled \$155,657 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001 (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District,

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

the amount contributed to fund health care benefits, including the surcharge, during the fiscal year 2002 equaled \$88,669.

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

Note 12 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 265 days. Upon retirement, payment is made for one-third of total sick leave accumulated; to a maximum of 88.33 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Insurance

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through Unicare Insurance Company. The Board pays the cost of the monthly premium, \$31.50 per employee. The School District provides health insurance to contracted employees through United Healthcare of Ohio. The Board pays the cost of the monthly premium per employee for family coverage of \$743.39 and \$270.32 for single coverage.

Note 13 - Long-Term Obligations

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

	Outstanding 6/30/01	Additions	Reductions	Outstanding 6/30/02
Energy Conservation Bonds 5.05% Issued June 15, 1995	\$260,000	\$0	\$60,000	\$200,000
Energy Conservation Bonds 4.87% Issued January 15, 1999	286,127	0	16,288	269,839
Compensated Absences	251,662	171,805	0	423,467
Intergovernmental Payable	9,532	11,980	9,532	11,980
Total General Long-Term Obligations	\$807,321	\$183,785	\$85,820	\$905,286

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The bonds will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

The School District's overall legal debt margin was \$86,146,223 with an unvoted debt margin of \$957,180 at June 30, 2002. Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$82,081	\$23,241	\$105,322
2004	82,912	19,147	102,059
2005	88,784	14,972	103,756
2006	19,700	10,522	30,222
2007	20,659	9,562	30,221
2008-2012	119,404	31,706	151,110
2013-2014	56,299	4,145	60,444
Total	<u>\$469,839</u>	<u>\$113,295</u>	<u>\$583,134</u>

Note 14 - State School Funding Decision

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

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

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

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.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 15 - Contingencies

A. Grants

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

B. Litigation

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

Note 16 - Jointly Governed Organization

Tri-Rivers Educational Computer Association (TRECA) is a jointly governed organization among 31 public school districts within the boundaries of Delaware, Marion, Morrow, Knox and Wyandot Counties. TRECA was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. TRECA operates under the direction of a Board consisting of two representatives from each county, elected by a majority vote of all charter member school districts within each county. The continued existence of TRECA is not dependent on the School District's continued participation and no equity interest exists. TRECA has no outstanding debt. To obtain financial information write to: Tri-Rivers Educational Computer Association, Mike Carder, who serves as Director, 2222 Marion-Mount Gilead Road, Marion, Ohio 43302. The School District contributed \$17,349 to TRECA during fiscal year 2002.

Note 17 – Insurance Purchasing Pool

Ohio School Plan – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 18 - Segment Information for Enterprise Funds

The School District maintains four enterprise funds to account for the operations of food service, adult education, uniform school supplies and other services. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Adult Education	Uniform School Supplies	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	\$114,340	\$610,654	\$29,353	\$74,840	\$829,187
Depreciation	277	6,035	0	0	6,312
Operating Income (Loss)	(44,112)	(278,188)	1,003	20,228	(301,069)
Donated Commodities	7,894	0	0	0	7,894
Interest	109	0	0	0	109
Operating Grants	25,863	210,000	0	0	235,863
Operating Transfers In	30,000	0	17,000	0	47,000
Net Income (Loss)	19,753	(71,709)	18,003	23,228	(10,725)
Fixed Assets Additions	0	6,584	0	0	6,584
Net Working Capital	12,248	2,454	11,597	46,518	72,817
Total Assets	18,165	71,183	11,597	47,805	148,750
Long-Term Compensated Absences Payable	0	36,733	0	0	36,733
Total Equity	13,906	(4,861)	11,597	46,518	67,160
Encumbrances at June 30, 2002	0	16,826	828	612	18,266

Note 19 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Textbook/ Instructional Materials	Capital Improvements
Set-aside Reserve Balance as of June 30, 2001	\$0	\$0
Current Year Set-aside Requirement	67,940	67,940
Qualifying Disbursements	(67,940)	(67,940)
Set-aside Balance Carried Forward to Fiscal Years	\$0	\$0
Set-aside Reserve Balance as of June 30, 2002	\$0	\$0

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 20 – Interfund Activity

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

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	<u>\$32,013</u>	<u>\$0</u>
Special Revenue Funds		
Adult Ed VEPD Grant	0	5,500
VEPD Grant	<u>0</u>	<u>26,513</u>
Total Special Revenue Funds	<u>0</u>	<u>32,013</u>
Total All Funds	<u>\$32,013</u>	<u>\$32,013</u>

KNOX COUNTY CAREER CENTER

KNOX COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$5,997	\$0	\$6,990
National School Lunch Program	051144-LLPA-01/02	10.555	24,698	0	24,698	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>24,698</u>	<u>5,997</u>	<u>24,698</u>	<u>6,990</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Student Financial Assistance Cluster:						
Federal Pell Grant Program	N/A	84.063	170,989	0	170,989	0
Federal Direct Student Loan	N/A	84.268	234,774	0	234,774	0
Total Student Financial Assistance Cluster			<u>405,763</u>	<u>0</u>	<u>405,763</u>	<u>0</u>
<i>Passed Through Ohio Department of Education:</i>						
Adult Education State Grant Program	051144-AD-S1-2002	84.002	50,399	0	50,399	0
Vocational Education Basic Grants to States	051144-20-C1-2001 051144-20-C1-2002	84.048	23,348 116,231	0 0	21,333 117,182	0 0
Total Vocational Education Basic Grants to States			<u>139,579</u>	<u>0</u>	<u>138,515</u>	<u>0</u>
Eisenhower Professional Development State Grant	051144-MS-S1-2002	84.281	1,527	0	1,527	0
Innovative Educational Program Strategies	051144-C2-S1-2002	84.298	3,131	0	3,131	0
<i>Passed Through Pioneer Joint Vocational:</i>						
Vocational Education Basic Grants to State	051144-VE-S1-2001 051144-VE-S1-2002	84.048	5,048 29,904	0 0	5,046 31,556	0 0
Total Vocational Education Basic Grants to State			<u>34,952</u>	<u>0</u>	<u>36,602</u>	<u>0</u>
Total U.S. Department of Education			<u>635,351</u>	<u>0</u>	<u>635,937</u>	<u>0</u>
Total Federal Awards			<u>\$660,049</u>	<u>\$5,997</u>	<u>\$660,635</u>	<u>\$6,990</u>

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

**KNOX COUNTY CAREER CENTER
KNOX COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2002, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Knox County Career Center
Knox County
306 Martinsburg Road
Mt. Vernon, Ohio 43050

To the Board of Education:

We have audited the general purpose financial statements of the Knox County Career Center, Knox County, Ohio, (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated November 19, 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 19, 2002.

Knox County Career Center
Knox County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

JIM PETRO
Auditor of State

November 19, 2002



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

Knox County Career Center
Knox County
306 Martinsburg Road
Mt. Vernon, Ohio 43050

Compliance

We have audited the compliance of the Knox County Career Center, Knox County, Ohio, (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

Knox County Career Center
Knox County
Report on Compliance with Requirements Applicable to
the Major Federal Program and Internal Control over
Compliance in Accordance with OMB Circular A-133
Page 2

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

JIM PETRO
Auditor of State

November 19, 2002

**KNOX COUNTY CAREER CENTER
KNOX COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505**

JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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

KNOX COUNTY CAREER CENTER

KNOX 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 2, 2003**