

FOUR COUNTY CAREER CENTER
HENRY COUNTY
FINANCIAL STATEMENTS
Year Ended June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Four County Career Center
22-900 SR 34
Archbold, Ohio 43502

We have reviewed the Independent Auditor's Report of the Four County Career Center, Henry County, prepared by Steyer & Co., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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BETTY MONTGOMERY
Auditor of State

March 16, 2004

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STEYER & CO.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, an Ohio joint vocational school district (the Career Center), as of and for the year ended June 30, 2003, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, as of June 30, 2003, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Adult Education 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 January 12, 2004, on our consideration of Four County Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 3, the Career Center has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as of and for the year ended June 30, 2003.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 14 through 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STEYER & CO.
Certified Public Accountants

Defiance, Ohio
January 12, 2004

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED**

The discussion and analysis of the Four County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2003 are as follows:

In total, net assets of governmental activities increased \$1,048,695.

General revenues accounted for \$11,571,713 in revenue or 85.68 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,933,767 or 14.32 percent of total revenues of \$13,505,480.

The Career Center had \$12,456,785 in expenses related to governmental activities; only \$1,933,767 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,571,713 were adequate to provide for these programs.

The Career Center has three major governmental funds; the general fund, the permanent improvement fund and the adult education fund. The general fund had \$11,099,478 in revenues and \$9,733,174 in expenditures. During fiscal 2003, the general fund's fund balance increased \$1,180,229 from \$6,012,603 to \$7,192,832. The permanent improvement fund had \$359,832 in revenues and \$2,342,297 in expenditures. During fiscal 2003, the permanent improvement fund's fund balance decreased \$1,982,465 from \$4,133,268 to \$2,150,803. The adult education fund had \$896,286 in revenues and \$925,363 in expenditures. During fiscal 2003, the adult education fund's fund balance decreased \$29,077 from \$84,179 to \$55,102.

Using the Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Career Center as a financial whole, or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Career Center's most significant funds, with all other nonmajor funds presented in total in one column. In the case of the Career Center, the general fund, permanent improvement fund, and adult education fund are by far the most significant funds, and are the only governmental funds reported as major funds.

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED**

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and Statement of Activities reflect how the Career Center did financially during fiscal year 2003. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. The basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These two statements report the Career Center's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Career Center as a whole, the financial position of the Career Center has improved or diminished. The causes for this change may be the result of many factors, some financial, some not. Non-financial factors include the Career Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the Career Center's programs and services, including instruction, support services, operation of maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Career Center's major funds. While the Career Center uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the Career Center's most significant funds. The Career Center's three major governmental funds are the general fund, permanent improvement fund, and adult education fund.

Governmental Funds - Most of the Career Center's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

The Career Center as a Whole

Table 1 provides a summary of the Career Center's net assets for fiscal year 2003. A comparative analysis is not provided because this is the first year for government-wide financial statements using the full accrual basis of accounting. An analysis will be provided in future years when prior year information is available.

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED**

Table 1 - Net Assets

	Governmental Activities 2003
<u>Assets:</u>	
Current and Other Assets	\$ 15,963,293
Capital Assets, Net	7,942,895
Total Assets	23,906,188
<u>Liabilities:</u>	
Current and Other Liabilities	6,100,157
Long-Term Liabilities	2,599,246
Total Liabilities	8,699,403
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	6,275,104
Restricted	2,515,531
Unrestricted	6,416,150
Total	\$ 15,206,785

Table 2 reflects the changes in net assets for fiscal year 2003. This is the first year of implementation for GASB 34. Comparative figures are not available for fiscal year 2002. A comparative analysis will be provided in future years when prior year information is available.

Table 2 - Change in Net Assets

	Governmental Activities 2003
<u>Revenues:</u>	
<u>Program Revenues:</u>	
Charges for Services and Sales	\$ 832,059
Operating Grants and Contributions	1,076,625
Capital Grants and Contributions	25,083
Total Program Revenues	1,933,767
<u>General Revenues:</u>	
Property Taxes	5,614,710
Grants and Entitlements	5,316,316
Gifts and Donations	405,583
Investment Earnings	184,368
Miscellaneous	50,736
Total General Revenues	11,571,713
Total Revenues	13,505,480
<u>Expenses:</u>	
Instruction	6,727,005
<u>Support Services:</u>	
Pupils	1,496,587
Instructional Staff	486,332
Board of Education	169,761
Administration	845,697
Fiscal	465,996
Business	48,653
Operation and Maintenance of Plant	1,238,074
Pupil Transportation	31,587
Central	194,165
Operation of Non-Instructional Services	460,453
Extracurricular Activities	34,069

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED**

Capital Outlay	217,572
Interest and Fiscal Charges	40,834
Total Expenses	<u>12,456,785</u>
Increase in Net Assets	<u>\$ 1,048,695</u>

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3 - Governmental Activities

	Total Cost of Services 2003	Net Cost of Services 2003
Instruction	\$ 6,727,005	\$ 5,441,857
Support Services:		
Pupils	1,496,587	1,416,714
Instructional Staff	486,332	318,839
Board of Education	169,761	169,761
Administration	845,697	837,992
Fiscal	465,996	465,996
Business	48,653	48,653
Operation and Maintenance of Plant	1,238,074	1,238,074
Pupil Transportation	31,587	31,587
Central	194,165	145,794
Operation of Non-Instructional Services	460,453	115,276
Extracurricular Activities	34,069	34,069
Capital Outlay	217,572	217,572
Interest and Fiscal Charges	40,834	40,834
Total Expenses	<u>\$12,456,785</u>	<u>\$ 10,523,018</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. 80.90 percent of instruction activities are supported through taxes and other general revenues. The Career Center had contracted services with an outside firm for the management of food services. The Career Center will be providing its own manager in fiscal year 2004. For all governmental activities, support from general revenues is 84.48 percent. It is apparent that the communities, as a whole, are the primary support for the Career Center's students.

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$13,313,108 and expenditures of \$14,276,472. The net negative change of \$963,364 in fund balance for the year indicates that the Career Center is unable to meet current costs.

General Fund Budgeting Highlights

The Career Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED**

During the course of fiscal year 2003, the Career Center amended its general fund budget as needed. Final budgeted revenues, in the amount of \$11,564,408 were above original budgeted revenues, in the amount of \$11,184,268. Of this \$380,140 difference, most was due to conservative estimates in revenues for real estate taxes. The Career Center also experienced an increase in advance back and State Foundation monies.

Final expenditures were budgeted at \$11,266,250 while actual expenditures were \$10,158,384. The \$1,107,866 difference is primarily due to a conservative "worst case scenario" approach. The Career Center over appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital assets

At the end of fiscal year 2003, the Career Center had \$7,942,895 invested in capital assets (net accumulated depreciation) for governmental activities.

For further information regarding the Career Center's capital assets see notes in the basic financial statements.

Debt

At June 30, 2003, the Career Center had \$1,623,520 in roof top units and asbestos loans for building improvements and \$44,271 in capital leases. The roof top units and capital leases will be completely paid by 2007. The asbestos loans will be completely paid by 2013.

For further information regarding the Career Center's debt see the notes to the basic financial statements.

Current Issues

The Career Center is holding its own in the state of a declining economy and uncertainty in State funding. The Career Center covers portions of eight different counties, which mostly consists of residential/farming communities currently experiencing some residential growth.

Over the past several years, the Career Center has remained in a good financial position. In 1976 the Career Center passed a 1.40 continuous levy, in 1979 a .60 continuous levy, and in 1988 a 1.00 continuous levy and has not had to renew these levies. These levies provide a continuous source of funds for a financial cushion. The Career Center has also been able to benefit from increased enrollment.

The Career Center is unique in that it has students attending from eight different counties. It also has an adult education program. The building and facilities are on one campus.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to reflect the Career Center's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lois Knuth, Treasurer, Four County Career Center, 22-900 St. Rt. 34, Archbold, Ohio, 43545

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2003**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 10,432,866
Materials and Supplies Inventory	145,215
Accounts Receivable	73,704
Interfund Receivable	589,601
Intergovernmental Receivable	237,859
Prepaid Items	57,937
Taxes Receivable	4,426,111
Noncurrent Assets	
Non-Depreciable Capital Assets	465,854
Depreciable Capital Assets, net	<u>7,477,041</u>
Total Assets	23,906,188
LIABILITIES	
Current Liabilities	
Accounts Payable	225,865
Accrued Wages and Benefits	968,187
Contracts Payable	116,499
Interfund Payable	618,406
Intergovernmental Payable	47,662
Matured Compensated Absences Payable	122,766
Deferred Revenue	4,000,772
Noncurrent Liabilities	
Long-Term Liabilities	
Due Within One Year	294,005
Due in More Than One Year	<u>2,305,241</u>
Total Liabilities	8,699,403
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	6,275,104
Restricted for Debt Service	2,633
Restricted for Capital Outlay	2,310,281
Restricted for Other Purposes	202,617
Unrestricted	<u>6,416,150</u>
Total Net Assets	<u><u>\$ 15,206,785</u></u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
Governmental Activities					
Instruction:					
Regular	\$ 1,205,366	\$ -	\$ 3,250	\$ -	\$ (1,202,116)
Vocational	4,666,332	214,264	386,427	25,083	(4,040,558)
Adult/Continuing	855,307	316,091	340,033	-	(199,183)
Support Services:					
Pupils	1,496,587	-	79,873	-	(1,416,714)
Instructional Staff	486,332	-	167,493	-	(318,839)
Board of Education	169,761	-	-	-	(169,761)
Administration	845,697	-	7,705	-	(837,992)
Fiscal	465,996	-	-	-	(465,996)
Business	48,653	-	-	-	(48,653)
Operation and Maintenance of Plant	1,238,074	-	-	-	(1,238,074)
Pupil Transportation	31,587	-	-	-	(31,587)
Central	194,165	-	48,371	-	(145,794)
Operation of Non-Instructional Services					
Food Service Operations	347,014	211,199	43,473	-	(92,342)
Community Services	6,875	-	-	-	(6,875)
Enterprise Operations	106,564	90,505	-	-	(16,059)
Extracurricular Activities	34,069	-	-	-	(34,069)
Capital Outlay	217,572	-	-	-	(217,572)
Interest and Fiscal Charges	40,834	-	-	-	(40,834)
<i>Total Governmental Activities</i>	<u>12,456,785</u>	<u>832,059</u>	<u>1,076,625</u>	<u>25,083</u>	<u>(10,523,018)</u>
<i>Totals</i>	<u>\$ 12,456,785</u>	<u>\$ 832,059</u>	<u>\$ 1,076,625</u>	<u>\$ 25,083</u>	<u>(10,523,018)</u>
General Revenues					
Taxes					
					5,278,685
Property Taxes, Levied for General Purposes					336,025
Property Taxes, Levied for Capital Outlay					5,316,316
Grants and Entitlements not Restricted to Specific Programs					405,583
Gifts and Donations					184,368
Investment Earnings					50,736
Miscellaneous					<u>50,736</u>
<i>Total General Revenues</i>					<u>11,571,713</u>
<i>Change in Net Assets</i>					
					1,048,695
<i>Net Assets Beginning of Year</i>					
					<u>14,158,090</u>
<i>Net Assets End of Year</i>					
					<u>\$ 15,206,785</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2003**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 7,114,217	\$ 2,267,590	\$ 301,483	\$ 749,576	\$ 10,432,866
Materials and Supplies Inventory	127,290	-	5,420	12,505	145,215
Accounts Receivable	40,673	-	32,259	772	73,704
Interfund Receivable	571,257	18,344	-	-	589,601
Intergovernmental Receivable	534	-	104,812	132,513	237,859
Prepaid Items	51,083	-	-	6,854	57,937
Taxes Receivable	<u>4,092,040</u>	<u>334,071</u>	<u>-</u>	<u>-</u>	<u>4,426,111</u>
<i>Total Assets</i>	<u>\$ 11,997,094</u>	<u>\$ 2,620,005</u>	<u>\$ 443,974</u>	<u>\$ 902,220</u>	<u>\$ 15,963,293</u>
LIABILITIES:					
Accounts Payable	\$ 79,575	\$ 42,932	\$ 3,592	\$ 99,766	\$ 225,865
Accrued Wages and Benefits	906,355	-	24,689	37,143	968,187
Contracts Payable	-	116,499	-	-	116,499
Interfund Payable	18,344	-	272,869	327,193	618,406
Intergovernmental Payable	-	-	-	47,662	47,662
Matured Compensated Absences Payable	108,987	-	-	13,779	122,766
Deferred Revenue	<u>3,691,001</u>	<u>309,771</u>	<u>87,722</u>	<u>100,187</u>	<u>4,188,681</u>
<i>Total Liabilities</i>	<u>4,804,262</u>	<u>469,202</u>	<u>388,872</u>	<u>625,730</u>	<u>6,288,066</u>
FUND BALANCES:					
Reserved:					
Reserved for Encumbrances	47,011	579,195	261	33,252	659,719
Reserved for Inventory	127,290	-	-	-	127,290
Reserved for Advances	386,567	-	-	-	386,567
Reserved for Property Taxes	401,039	24,300	-	-	425,339
Reserved for Other Purposes	79,935	-	-	2,007	81,942
Unreserved, Undesignated, Reported in:					
General Fund	6,150,990	-	-	-	6,150,990
Special Revenue Funds	-	-	54,841	79,120	133,961
Debt Service Funds	-	-	-	2,633	2,633
Capital Projects Funds	<u>-</u>	<u>1,547,308</u>	<u>-</u>	<u>159,478</u>	<u>1,706,786</u>
<i>Total Fund Balances</i>	<u>7,192,832</u>	<u>2,150,803</u>	<u>55,102</u>	<u>276,490</u>	<u>9,675,227</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 11,997,094</u>	<u>\$ 2,620,005</u>	<u>\$ 443,974</u>	<u>\$ 902,220</u>	<u>\$ 15,963,293</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2003**

Total Governmental Fund Balances		\$ 9,675,227
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		7,942,895
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental Receivable		187,909
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases	(44,272)	
Compensated Absences	(931,455)	
Notes Payable	(1,623,519)	
	(2,599,246)	(2,599,246)
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 15,206,785</u></u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property and Other Local Taxes	\$ 5,282,480	\$ 332,230	\$ -	\$ -	\$ 5,614,710
Intergovernmental	5,039,431	27,602	563,859	594,760	6,225,652
Interest	180,689	-	-	3,679	184,368
Tuition and Fees	48,548	-	331,216	28,839	408,603
Gifts and Donations	405,259	-	-	324	405,583
Customer Sales and Services	144,085	-	1,211	278,160	423,456
Miscellaneous	(1,014)	-	-	51,750	50,736
<i>Total Revenues</i>	<u>11,099,478</u>	<u>359,832</u>	<u>896,286</u>	<u>957,512</u>	<u>13,313,108</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	1,171,713	-	-	7,054	1,178,767
Vocational	3,969,957	-	796	448,239	4,418,992
Adult/Continuing	167,626	-	692,532	3,355	863,513
Support Services:					
Pupils	1,275,386	31,195	6,718	124,323	1,437,622
Instructional Staff	270,655	-	182,604	43,120	496,379
Board of Education	96,540	-	-	-	96,540
Administration	954,712	-	-	20,952	975,664
Fiscal	455,897	8,237	4,111	-	468,245
Business	32,924	-	-	-	32,924
Operation and Maintenance of Plant	1,153,371	-	-	-	1,153,371
Pupil Transportation	15,729	-	10,236	-	25,965
Central	105,447	-	30,901	60,444	196,792
Operation of Non-Instructional Services					
Food Service Operations	1,690	13,189	-	347,014	361,893
Community Services	-	-	-	6,875	6,875
Enterprise Operations	-	-	(2,535)	46,896	44,361
Extracurricular Activities	34,069	-	-	-	34,069
Capital Outlay	6,286	2,165,815	-	-	2,172,101
Debt Service					
Principal	12,705	123,861	-	135,000	271,566
Interest	8,467	-	-	32,367	40,834
<i>Total Expenditures</i>	<u>9,733,174</u>	<u>2,342,297</u>	<u>925,363</u>	<u>1,275,639</u>	<u>14,276,473</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,366,304	(1,982,465)	(29,077)	(318,127)	(963,365)
OTHER FINANCING SOURCES AND USES					
Transfers In	-	-	-	186,075	186,075
Transfers Out	(186,075)	-	-	-	(186,075)
<i>Total Other Financing Sources and Uses</i>	<u>(186,075)</u>	<u>-</u>	<u>-</u>	<u>186,075</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,180,229	(1,982,465)	(29,077)	(132,052)	(963,365)
<i>Fund Balance at Beginning of Year</i>	<u>6,012,603</u>	<u>4,133,268</u>	<u>84,179</u>	<u>408,542</u>	<u>10,638,592</u>
<i>Fund Balance at End of Year</i>	<u>\$ 7,192,832</u>	<u>\$ 2,150,803</u>	<u>\$ 55,102</u>	<u>\$ 276,490</u>	<u>\$ 9,675,227</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003**

Net Change in Fund Balances - Total Governmental Funds	\$	(963,365)
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,327,063
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		104,320
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Intergovernmental		183,446
Repayment of loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		271,567
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated absences		<u>125,664</u>
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 <u>1,048,695</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 4,990,000	\$ 5,269,000	\$ 5,337,678	\$ 68,678
Intergovernmental	5,138,543	5,078,543	5,083,076	4,533
Interest	300,000	300,000	309,389	9,389
Tuition and Fees	49,600	43,600	48,375	4,775
Gifts and Donations	252,000	290,200	405,259	115,059
Customer Sales and Services	77,200	93,000	106,015	13,015
Miscellaneous	<u>100</u>	<u>65</u>	<u>67</u>	<u>2</u>
Total Revenues	<u>10,807,443</u>	<u>11,074,408</u>	<u>11,289,859</u>	<u>215,451</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,345,914	1,258,375	1,158,255	100,120
Vocational	4,128,235	4,168,225	3,882,637	285,588
Adult/Continuing	185,155	185,155	161,073	24,082
Support Services:				
Pupils	1,292,094	1,365,546	1,263,922	101,624
Instructional Staff	310,831	307,033	269,295	37,738
Board of Education	97,389	99,889	81,482	18,407
Administration	1,247,145	1,197,565	904,734	292,831
Fiscal	546,823	538,423	479,155	59,268
Business	117,530	117,530	77,017	40,513
Operation and Maintenance of Plant	1,264,812	1,270,962	1,155,899	115,063
Pupil Transportation	22,396	23,096	16,655	6,441
Central	96,280	107,316	104,808	2,508
Operation of Non-Instructional Services:				
Food Service Operations	1,195	1,690	1,690	
Extracurricular Activities:				
Academic Oriented Activities	36,180	39,805	34,038	5,767
Capital Outlay:				
Site Improvement Services	<u>5,000</u>	<u>15,640</u>	<u>6,286</u>	<u>9,354</u>
Total Expenditures	<u>10,696,979</u>	<u>10,696,250</u>	<u>9,596,946</u>	<u>1,099,304</u>
Excess of Revenues Over Expenditures	<u>110,464</u>	<u>378,158</u>	<u>1,692,913</u>	<u>1,314,755</u>
OTHER FINANCING SOURCES AND USES:				
Proceeds from Sale of Fixed Assets	4,000			
Refund of Prior Year Expenditures	22,825	40,000	41,964	1,964
Advances In	350,000	450,000	257,197	(192,803)
Transfers Out	200,000	190,000	186,075	3,925
Advances Out	<u>250,000</u>	<u>380,000</u>	<u>375,363</u>	<u>4,637</u>
Total Other Financing Sources and Uses	<u>(73,175)</u>	<u>(80,000)</u>	<u>(262,277)</u>	<u>(182,277)</u>
Net Change in Fund Balances	37,289	298,158	1,430,636	1,132,478
Fund Balance at Beginning of Year	5,405,217	5,405,217	5,405,217	-
Prior Year Encumbrances Appropriated	<u>168,512</u>	<u>168,512</u>	<u>168,512</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 5,611,018</u>	<u>\$ 5,871,887</u>	<u>\$ 7,004,365</u>	<u>\$ 1,132,478</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT EDUCATION
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 511,829	\$ 546,610	\$ 438,053	\$ (108,557)
Tuition and Fees	354,500	354,500	298,957	(55,543)
Customer Sales and Services	<u>3,080</u>	<u>3,080</u>	<u>1,211</u>	<u>(1,869)</u>
Total Revenues	<u>869,409</u>	<u>904,190</u>	<u>738,221</u>	<u>(165,969)</u>
EXPENDITURES:				
Current:				
Instruction:				
Vocational	985	796	796	-
Adult/Continuing	836,796	802,436	740,705	61,731
Support Services:				
Pupils	7,087	7,215	6,718	497
Instructional Staff	158,385	200,479	179,910	20,569
Fiscal		5,770	4,111	1,659
Pupil Transportation	12,427	10,587	10,236	351
Central	<u>45,206</u>	<u>35,206</u>	<u>31,587</u>	<u>3,619</u>
Total Expenditures	<u>1,060,886</u>	<u>1,062,489</u>	<u>974,063</u>	<u>88,426</u>
Excess of Revenues Under Expenditures	<u>(191,477)</u>	<u>(158,299)</u>	<u>(235,842)</u>	<u>(77,543)</u>
OTHER FINANCING SOURCES AND USES:				
Refund of Prior Year Expenditures	-	-	36,768	36,768
Advances In	-	123,000	163,000	40,000
Other Financing Sources	283,221	295,289	171,165	(124,124)
Advances Out	<u>162,753</u>	<u>162,753</u>	<u>184,753</u>	<u>(22,000)</u>
Total Other Financing Sources and Uses	<u>120,468</u>	<u>255,536</u>	<u>186,180</u>	<u>(69,356)</u>
Net Change in Fund Balances	(71,009)	97,237	(49,662)	(146,899)
Fund Balance at Beginning of Year	327,871	327,871	327,871	-
Prior Year Encumbrances Appropriated	<u>18,054</u>	<u>18,054</u>	<u>18,054</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ 274,916</u>	<u>\$ 443,162</u>	<u>\$ 296,263</u>	<u>\$ (146,899)</u>

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

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2003**

	Agency Fund
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 5,487
Due from Students	3,123
Total Assets	\$ 8,610
LIABILITIES	
Current Liabilities	
Interfund Payable	\$ 8,610
Total Liabilities	\$ 8,610

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

Note 1 - Description Of The Career Center And Reporting Entity

Four County Career Center (the Career Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. Effective July 1, 1999 the Career Center changed its name from Four County Joint Vocational School District to Four County Career Center, an Ohio Vocational School District. The Career Center was established in 1966, with classes beginning in September 1969, and serves 22 districts located in Defiance, Fulton, Henry and Williams counties.

The Career Center is operated under a board of education consisting of eleven members. The vocational career center provides job training for residents of participating districts. Currently, Four County Career Center provides thirty courses of instruction in such varied fields as chef training, electronics, machine trades and plastics. The average daily membership as of October 2002 was 860. The Career Center employed 12 administrators and supervising personnel, 98 certified and 43 non-certified employees.

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

Reporting Entity

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

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

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

The Career Center is associated with two jointly governed organizations and three group purchasing pools. These organizations are the Northwest Ohio Computer Association, Northern Buckeye Education Council, Northern Buckeye Education Council's Employee Insurance Benefits Program, Northern Buckeye Education Council Workers' Compensation Group Rating Plan and Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 19 and 20 to the basic financial statements.

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

Note 2 - Summary Of Significant Accounting Policies

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

A. Basis Of Presentation

The Career Center's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the Career Center at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements - During the year, the Career Center segregates transactions related to certain Career Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Career Center at this more detailed level. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Career Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Career Center are grouped into the categories governmental and fiduciary.

Governmental Funds - Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Career Center's major governmental funds:

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

Permanent Improvement - The Permanent Improvement fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Adult Education - The Adult Education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries and textbooks.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds that existed throughout the fiscal year included Computer Association of Northwest Ohio, National Honor Society, Family Career & Community Leaders of America, Future Farmers of America, Business Professionals of America, SKILLS USA of America and Student Council. As of June 30, 2003, the Career Center is no longer the fiscal agent for Computer Association of Northwest Ohio.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Career Center are included on the Statement of Net Assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

Agency funds do not report a measurement focus as they do not report operations.

D. Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange And Non-Exchange Transactions - 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. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Career Center, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On 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, income taxes, grants, investment earnings, tuition, and student fees.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes (other than delinquent amounts) for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the 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 been reported as deferred revenue.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

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 costs, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash And Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2003, investments included STAR Ohio and certificates of deposit. Non-negotiable certificates of deposit are reported at cost.

Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. The Career Center invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows government within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

As authorized by Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2003 amounted to \$180,689.

For presentation on the financial statements, 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 Career Center are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, 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 which services are consumed.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

I. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$5,000. The Career Center 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.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings and Building Improvements	15 - 40 years
Furniture and Fixtures	10 years
Vehicles	5 - 15 years
Equipment	5 - 15 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net assets.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center 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 Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for all employees after five years of service.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The Career Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves and Designations

The Career Center reserves those portions of fund equity which are legally segregated for a specific future use of 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, advances, property taxes, capital improvements and other purposes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Estimates

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

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Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Career Center and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2003.

Note 3 – Changes in Accounting Principles and Restatement of Fund Balance

A. Changes in Accounting Principles

For fiscal year 2003, the Career Center has implemented Governmental Accounting Standards Board Statement (GASB) No. 33, "Accounting and Financial Reporting for Non-exchange Transactions"; GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB No. 36, "Recipient Reporting for Certain Shared Non-exchange Revenues," GASB No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB No. 38, "Certain Financial Statement Note Disclosures," and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statements 36, 37, and 38.

GASB Statement No. 33 establishes accounting and financial reporting standards for non-exchange transactions involving financial or capital resources. The timing of recognition of assets, liabilities, and expenditures/expenses resulting from non-exchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established in GASB Statement No. 33 for accrual-basis recognition will have been met and the revenues will be available.

GASB Statement No. 34 creates new basic financial statements for reporting on the Career Center's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements show the Career Center's programs for governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The Career Center restated the fund liability of compensated absences that had not matured during fiscal year 2003.

B. Restatement of Fund Balance

The restatements for GASB Statement No. 33, GASB Statement No. 34, and GASB Interpretation No. 6 had the following effects on fund balance of the major and non-major funds of the Career Center as they were previously reported.

The transition from governmental fund balance to net assets of the governmental activities is also presented.

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	<u>General</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Fund Balance June 30, 2002	\$ 5,932,668	\$ 4,133,268	\$ 84,179	\$ 406,535	\$ 10,556,650
Interpretation 6 Adjustments:					
Compensated Absences Payable	<u>79,935</u>	<u>-</u>	<u>-</u>	<u>2,007</u>	<u>81,942</u>
Adjusted Fund Balance	\$ 6,012,603	\$ 4,133,268	\$ 84,179	\$ 408,542	10,638,592
GASB 34 Adjustments:					
Intergovernmental Receivable					4,463
Capital Assets					7,243,917
Long-Term Liabilities					(2,996,457)
Capitalization Policy Change (Note 17)					<u>(732,425)</u>
Governmental Activities Net Assets, June 30, 2002					<u>\$ 14,158,090</u>

Note 4 - Budgetary Basis of Accounting

While the Career Center is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund, Permanent Improvement and Adult Education 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 fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Adult Education.

	Net Change in Fund Balance Major Governmental Fund	
	<u>General</u>	<u>Adult Education</u>
GAAP Basis	\$1,180,229	\$ (29,077)
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2002, received in cash FY 2003	545,019	62,449
Accrued FY 2003, not yet received in cash	(354,638)	(49,349)
Expenditure Accruals:		
Accrued FY 2002, paid in cash FY 2003	(660,184)	(29,566)
Accrued FY 2003, not yet paid in cash	916,544	22,861
Advances net	(118,166)	(21,753)
Encumbrances outstanding at year end (budget basis)	<u>(78,168)</u>	<u>(5,227)</u>
Budget Basis	<u>\$1,430,636</u>	<u>\$ (49,662)</u>

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In fiscal year 2003, the WIA Grant had an excess of expenditures over appropriations of \$62,000.

Note 5 - Deposits and Investments

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

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

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

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

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

Interim monies may be invested in the following securities:

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

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6. The State Treasurer's investment pool (STAR Ohio); and
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education).

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

At fiscal year end, the Career Center had \$450 in undeposited cash on hand which is included on the balance sheet of the Career Center as part of "Equity in Pooled Cash and Cash Equivalents".

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

At fiscal year end, the carrying amount of the Career Center's deposits was \$179,440 and the bank balance was \$329,443. Of the bank balance, \$150,131 was covered by federal depository insurance and \$179,312 was covered by collateral held by third party trustees in single financial institution collateral pools, but not in the Career Center's name, collateralizing all public funds on deposit with the specific depository institution. In accordance with Section 135.18 of the Ohio Revised Code, all deposits with eligible financial institutions must be collateralized in an amount equal to 105% of uninsured deposits.

The Career Center's investments are categorized to give an indication of the level of risk assumed by the Career Center at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the Career Center or its agent in the Career Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Career Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Career Center's name.

The Career Center's investments in STAR Ohio are unclassified because they are not evidenced by securities that exist in physical or book entry form.

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

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A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	<u>Investments</u>
GASB Statement 9	\$10,437,359	\$ -
Cash on Hand	(450)	-
Investments:		
STAR Ohio	(10,257,469)	10,257,469
GASB Statement 3	<u>\$ 179,440</u>	<u>\$ 10,257,469</u>

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the district. Real and public utility property tax revenues received in calendar year 2003 represent the collection of calendar year 2002 taxes. Real property taxes for 2003 were levied after April 1, 2002, on the assessed values as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2003 were levied after April 1, 2003, on the assessed values as of December 31, 2002, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2003 (other than public utility property) represent the collection of calendar year 2003 taxes. Tangible personal property taxes for 2003 were levied after April 1, 2003, on the value as of December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Career Center receives property taxes from Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2003 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amounts available as an advance at June 30, 2003, were \$401,039 in the General Fund and \$24,300 in the Permanent Improvement Fund. The amounts available as an advance at June 30, 2002, were \$437,893 in the General Fund and \$28,095 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>2002 Second-Half Collections</u>		<u>2003 First-Half Collections</u>	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 1,613,898,760	63.89%	\$ 1,719,803,180	64.45%
Industrial/Commercial	313,300,990	12.40%	349,024,980	13.08%
Public Utility	161,870,620	6.41%	161,197,950	6.04%
Tangible Personal	437,169,192	17.30%	438,582,098	16.43%
Total Assessed Value	<u>\$ 2,526,239,562</u>	<u>100.00%</u>	<u>\$ 2,668,608,208</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 3.20		\$ 3.20	

Note 7 - Receivables

Receivables at June 30, 2003, consisted of accounts (billings for user charged services, tuition and fees), intergovernmental grants and taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the Statement of Net Assets follows:

	<u>Amounts</u>
Governmental Activities	
Accounts Receivable	\$ 73,704
Intergovernmental Receivable	237,859
Taxes Receivable	4,426,111
Total Receivables	<u>\$ 4,737,674</u>

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Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	<u>Restated Balance at 6/30/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/03</u>
Governmental Activities:				
Non-Depreciable Capital Assets				
Land	\$ 465,854	\$ -	\$ -	\$ 465,854
Depreciable Capital Assets				
Buildings and Buildings				
Improvements	16,733,117	1,880,095	-	18,613,212
Furniture and Fixtures	2,088,493	320,241	(151,808)	2,256,926
Vehicles	408,980	-	(44,843)	364,137
Totals at Historical Cost	<u>19,230,590</u>	<u>2,200,336</u>	<u>(196,651)</u>	<u>21,234,275</u>
Less Accumulated Depreciation:				
Land Improvements	(27,400)	(16,440)	-	(43,840)
Buildings and Building				
Improvements	(11,436,778)	(481,490)	-	(11,918,268)
Furniture and Fixtures	(1,542,060)	(125,459)	52,403	(1,615,116)
Vehicles	(178,693)	(41,239)	39,922	(180,010)
Total Accumulated Depreciation	<u>(13,184,931)</u>	<u>(664,628)</u>	<u>92,325</u>	<u>(13,757,234)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 6,045,659</u>	<u>\$ 1,535,708</u>	<u>\$ (104,326)</u>	<u>\$ 7,477,041</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 33,185
Vocational	308,617
Support Services:	
Adult / Continuing	816
Pupils	66,268
Instructional Staff	999
Board of Education	4,149
Administration	43,367
Fiscal	4,580
Business	9,930
Operation and Maintenance of Plant	93,520
Pupil Transportation	702
Operation of Non-Instructional Services	63,802
Capital Outlay	10,658
Total Depreciation Expense	<u>\$ 640,593</u>

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Note 9 - Interfund Transactions

On the fund financial statements, the General Fund and Permanent Improvement Fund have receivables of \$571,257 and \$18,344, respectively. The General Fund receivable consists of \$272,869 payable from the Adult Basic Education Fund, \$289,778 payable from the non-major governmental funds and \$8,610 payable from the Agency Fund. The Permanent Improvement Fund receivable consists of \$18,344 payable from the General Fund. These interfund loans were made to provide operating capital.

Interfund transfers for the year ended June 30, 2003 consisted of transfers from the General Fund to the non-major governmental funds in the amount of \$186,075.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10 - Risk Management

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. From July 1, 2002 to July 31, 2002 the Career Center contracted Nationwide Insurance Company for all its insurance coverage. Effective August 1, 2002, the Career Center contracted Ohio Schools Risk Sharing Authority for the following insurance coverage:

Coverage amounts as of June 30, 2003:

General Liability:	
Bodily Injury / Property Damage	4,000,000
Personal Injury	4,000,000
Products / Completed Operations	4,000,000
Medical Payments – pers / agg	1,000 / 5,000
Campus Annual Aggregate	4,000,000
General Annual Aggregate	6,000,000
Fire Legal Liability	500,000
Errors or Omissions Cover:	
Per Occurrence (\$5,000 deductible)	4,000,000
Per Aggregate (\$5,000 deductible)	4,000,000
Property and Crime:	
Property (incl. Inland Marine, misc. equipment) (\$1,000 deductible)	27,934,490
Employee Dishonesty / Faithful Performance of Duty (\$1,000 deductible)	50,000
Forgery / Alteration (\$1,000 deductible)	50,000
Computer Fraud (\$1,000 deductible)	50,000
Theft, Disappearance, Destruction (\$1,000 deductible)	5,000
Commercial Auto:	
Owned / Leased Vehicles	4,000,000
Medical Payments (occ / agg)	1,000 / 5,000
Uninsured Motorist	50,000
Physical Damage (\$1,000 deductible)	100,000

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Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

The Career Center is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA provides both pooling alternatives as well as traditional insurance options to school districts. However, at the present time SORSA is the only pooling option in which the pool retains and shares significant risk (\$100,000 each loss Property, \$150,000 each loss third party Liability). This retained and shared limit offers the opportunity for the pool to build member-owned equity. In this respect, SORSA presents a unique offering to its 62 school districts that are participating as of June 30, 2003.

The Career Center participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry and Williams Counties and other eligible governmental entities. The Career Center pays monthly premiums to the Northern Buckeye Education Council for employee medical, dental and life insurance benefits. Northern Buckeye Education Council is responsible for the management and operations of the program. Upon withdrawal from the Program, a participant is responsible for the payment of all Program liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2003, the Career Center participated in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

Note 11 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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Plan members are required to contribute 9.3 percent of their annual covered salary and the Career Center is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Career Center's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$852,143, \$851,339, and \$713,100, respectively. All required contributions were made prior to each of these fiscal year ends.

B. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Career Center is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Career Center's contributions to SERS for the years ended June 30, 2003, 2002, and 2001, were \$203,630, \$193,683, and \$166,800, respectively, equal to the required contributions for each year.

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, 2003, six members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Stabilization Fund. Effective July 1, 2002, 1% of covered payroll will be allocated to the fund. For the Career Center, this amount equaled \$54,161 during fiscal 2003. The balance in the Health Care Stabilization Fund was \$3.011 billion on June 30, 2002.

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For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000. There were 105,300 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2003, the healthcare allocation is 5.83%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2003, the minimum pay has been established as \$14,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, the Retirement System's net assets available for payment of health care benefits were \$303.6 million, and the number of benefit recipients currently receiving health care benefits is approximately 50,000. For the Career Center, the amount to fund health care benefits, including surcharge, equaled \$53,959 during the 2003 fiscal year.

Note 13 - Employee Benefits

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. All twelve-month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days.

All employees (with a continuous term of service of a minimum of five years or more as a regular employee) are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 25% of unused sick leave up to 205 days for a maximum of 50 days for all classified and administrative employees. All certified employees are entitled to 25% of unused sick leave up to 200 days or a maximum of 50 days.

At June 30, 2003 the current amount of unpaid compensated absences in all funds was \$122,766. The long-term amount of unpaid compensated absences in all funds was \$931,455.

B. Health Care Benefits

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

Note 14 - Long-Term Obligations

Changes in the Career Center's long-term obligations during fiscal year 2003 were as follows:

	Balance at 06/30/02	Additions	Reductions	Balance at 06/30/03	Amounts Due Within One Year
Governmental Activities:					
Energy Conservation	\$ 666,468	\$ -	\$ (135,000)	\$ 531,468	\$ 142,000
Asbestos Loans	1,215,914	-	(123,862)	1,092,052	123,861
Capital Leases	56,976	-	(12,705)	44,271	13,270
Compensated Absences	919,474	11,981	-	931,455	14,874
Total Governmental Activities					
Long-Term Obligations	<u>\$2,858,832</u>	<u>\$ 11,981</u>	<u>\$ (271,567)</u>	<u>\$2,599,246</u>	<u>\$ 294,005</u>

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

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

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

Total expenditures for interest for the above debt for the period ended June 30, 2003 was \$32,367.

Principal and interest requirements to retire the Energy Conservation note and Asbestos loans outstanding at June 30, 2003 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	\$ 265,861	\$ 25,099	\$ 290,960
2005	273,861	17,827	291,688
2006	281,861	10,150	292,012
2007	205,330	2,070	207,400
2008	123,861	-	123,861
2009-2013	472,746	-	472,745
Total	<u>\$ 1,623,520</u>	<u>\$ 55,146</u>	<u>\$ 1,678,666</u>

Note 15 - Capitalized Leases - Lessee Disclosure

The Career Center has entered into lease agreements as lessee for financing the acquisition of a postage meter and two copiers.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

Governmental activities capital assets consisting of a postage meter and two copiers have been capitalized in the amount of \$75,637. This amount represents the present value of the future minimum lease payments at the time of acquisition.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2003 fiscal year totaled \$12,705 and \$8,467, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under these capital leases, and the present value of the future minimum lease payments at June 30, 2003:

Fiscal Year Ending June 30	
2004	\$ 20,712
2005	20,712
2006	20,712
2007	<u>1,803</u>
Total minimum lease payments	63,939
Less: amount representing interest	<u>(19,668)</u>
Present value of future minimum lease payments	<u>\$ 44,271</u>

Note 16 - Set-Asides

The Career Center is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward and 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 and capital acquisition. Disclosure of this information is required by state statute.

	Textbooks	Capital Acquisition
Balance June 30, 2002	\$ (515,848)	\$ 28,259
Current Year Set-Aside Requirement	121,578	121,578
Qualifying Expenditures	<u>(329,893)</u>	<u>(198,846)</u>
Total	<u>\$ (724,163)</u>	<u>\$ (49,009)</u>
Balance Carried Forward to Fiscal Year 2004	<u>\$ (724,163)</u>	<u>\$ -</u>

Senate Bill (S.B.) 345, 123rd General Assembly eliminated the requirement for the Budget Stabilization set-aside.

Although the Career Center has offsets and qualifying disbursements during the year that reduced the set-aside requirements below zero, only the amount for textbooks may be used to reduce the set-aside requirements of future years.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

Note 17 – Prior Period Adjustment

The capitalization policy was increased from \$1,000 to \$5,000 in fiscal year June 30, 2003. The value of items capitalized was less than previously recorded by the Career Center. Accordingly, an adjustment of \$732,425 was made to invested in capital assets, net of related debt to revise the recorded value of fixed assets as of the beginning of the year.

Note 18 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

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

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. Total disbursements made by the Career Center to NWOCA during this fiscal year were \$229,093. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

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

Note 19 - Group Purchasing Pools

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2003**

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

In fiscal year 2003, the Career Center contributed a total for all three plans of \$964,699, which represented 1.5 percent of total contributions. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool. The WCGRP is governed by the NBEC and the plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program. The Career Center paid \$1,245 in enrollment fees for fiscal year 2003.

C. Schools of Ohio Risk Sharing Authority (SORSA)

The Career Center participates in an insurance pool with SORSA. SORSA was formed as a result of a crisis in the availability of third party liability insurance for Ohio school districts. The Career Center paid \$64,140 to SORSA in fiscal year 2003.

Note 20 - Contingencies

A. Grants

The Career Center receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

B. Litigation

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

C. State School Funding Decision

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

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

FOUR COUNTY CAREER CENTER
HENRYCOUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2003
(Non-GAAP Basis)

Federal Grantor/Pass Through Grantor Program Title	Project Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>						
Grants to Local Educational Agencies (ESEA Title II)	050963-MS-S1-2002	84.281	\$ -	\$ -	\$ 520	\$ -
Adult Education - State Grant Program	050963-AB-S1-2003	84.002	97,238	-	141,008	-
	050963-AB-S1-2002C	84.002	34,781	-	34,781	-
	050963-AB-S1-2002	84.002	27,668	-	6,132	-
			<u>159,687</u>	-	<u>181,921</u>	-
Vocational Education - Basic Grants to States (Perkins)	050963-20-2003	84.048	338,306	-	292,821	-
	050963-20-2002	84.048	-	-	20,601	-
	050963-20-2001	84.048	-	-	1,125	-
			<u>338,306</u>	-	<u>314,547</u>	-
Safe and Drug-Free Schools and Communities - National Programs	2003	84.184	-	-	3,783	-
Improving Teacher Quality State Grants (Title II, Part A)	050963-TR-S1-2003	84.367	2,310	-	2,749	-
Innovative Education Program Strategies	050963-C2-S1-2003	84.298	4,396	-	3,951	-
Total Department of Education			504,699	-	507,471	-
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
National School Lunch Program		10.555	36,061	-	36,061	-
School Breakfast Program		10.553	6,016	-	6,016	-
Food Donation		10.550	-	6,788	-	9,141
Total Department of Agriculture and Nutrition Cluster			<u>42,077</u>	<u>6,788</u>	<u>42,077</u>	<u>9,141</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 546,776</u>	<u>\$ 6,788</u>	<u>\$ 549,548</u>	<u>\$ 9,141</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
*June 30, 2003***

Note 1 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a summary of the activity of the Career Center's federal award programs. The Schedule has been prepared on the cash (Non-GAAP) basis of accounting.

Note 2 - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the Career Center had \$2,423 of food commodities in inventory.

STEYER & CO.

Certified Public Accountants

2000 NORTH CLINTON STREET
DEFIANCE, OHIO 43512
PHONE (419) 782-1030
FAX (419) 782-5298

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

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the financial statements of the Four County Career Center, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Four County Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-4 through 2003-6. We also noted certain immaterial instances of noncompliance that we have reported to management of Four County Career Center in a separate letter dated January 12, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Career Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1 through 2003-3.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2003-1 to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Career Center in a separate letter dated January 12, 2004.

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

A handwritten signature in cursive script that reads "Steyer & Co." with a period at the end.

STEYER & CO.

Defiance, Ohio
January 12, 2004

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

Board of Education
Four County Career Center
Archbold, Ohio

Compliance

We have audited the compliance of the Four County Career Center with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The Career Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, Four County Career Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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

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

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

STEYER & CO.

Defiance, Ohio
January 12, 2004

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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

Noncompliance material to financial statements
noted? X yes no

Federal Awards

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

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

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

Identification of major programs:

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

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003**

Section II - Financial Statement Findings

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

REPORTABLE CONDITIONS

Finding 2003-1 – Material Weakness

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

During the year ended June 30, 2003, the school recorded \$18,381 of tax receipts for permanent improvements levy in the general fund and also recorded minor tax receipts from the general levy in the permanent improvement fund. These errors were located during the audit and the June 30, 2003 basic financial statements were adjusted to properly reflect the receipts in the general and permanent improvement funds.

Finding 2003-2 – Reportable Condition

During the audit it was determined that accumulated depreciation in the EIS system was overstated. Assets with various acquisition dates were combined into one building tag with a January 1, 1968 acquisition date. When a recalculation program was run, accumulated depreciation was adjusted. The combined assets were restated to 34.5 years of accumulated depreciation.

It is recommended that the combined building tag be split into separate tags with correct acquisition dates. The accumulated depreciation will also need adjusted.

Finding 2003-3 – Reportable Condition

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

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

Finding 2003-4 – Non-Compliance Citation

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003**

At June 30, 2003, the following funds had actual receipts below the amount certified as available by the budget commission and below the amount of appropriations:

	<u>Actual Receipts</u>	<u>Estimated Receipts</u>	<u>Variances</u>
Data Communications	-	3,000	3,000
Information Tech Prep Grant FY02	(106)	9,219	9,325
Secondary Carl Perkins FY03	313,458	324,714	11,256
Adult Carl Perkins FY03	64,793	72,435	7,642
Permanent Improvement	345,283	654,778	309,495
Vocational Education Equipment	25,083	95,299	70,216
Adult Education	490,333	582,138	91,805

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

Finding 2003-5 - Non-Compliance Citation

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

At June 30, 2003, the following funds had appropriations in excess of the amount certified as available by the budget commission:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variances</u>
Debt Service	\$ -	\$ 169,081	\$ 169,081
Career Development Grant FY02	3,277	4,227	950
Professional Development	2,885	6,885	4,000
Onenet FY03	-	14,000	14,000
ATI Tech Prep Grant FY03	-	3,521	3,521
Tech Prep Fire/EMT	-	8,000	8,000
Tech Prep Im FY03	-	9,190	9,190
Tech Prep Workshop Grant	-	20,110	20,110
ATI Tech Prep State Grant	-	13,533	13,533
Tech Prep Eng Grant FY03	12,848	15,647	2,799
Maumee Valley Tech Prep FY02	7,287	13,000	5,713
Expanded Enrollment Grant FY02	11,506	29,388	17,882
Tech Prep IT Grant FY03	10,108	15,348	5,240
Safe School Help Line	-	3,194	3,194
High School That Work FY03	-	25,000	25,000
ABE Carryover FY02	-	34,781	34,781
Title II-A FY03	-	4,479	4,479
Accreditation Resource Grant	(3,162)	6,449	9,611
Adult Carl Perkins FY03	69,515	72,435	2,920
Title V FY03	-	4,447	4,447
ABLE/Jobs	4,203	4,814	611
ABLE Grant FY03	-	15,000	15,000

The treasurer should monitor appropriations and estimated revenue throughout the fiscal year and

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003**

obtain an amended certificate as needed for compliance with the requirements of the Ohio Revised Code.

Finding 2003-6 – Non-Compliance Citation

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

During the year ended June 30, 2003, the school had instances where expenditures were in excess of appropriations at the legal level of control:

<u>Fund</u>	<u>Number of instances</u>
General	6
Special Revenue	87
Enterprise	5
Agency	5
Debt Service	<u>2</u>
Total Instances	<u><u>105</u></u>

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

Section III - Federal Award Findings and Questioned Costs

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003**

Finding Number	Finding Summary	Fully Corrected?	Action Taken
2002-1	Improper use of Expendable Trust Funds	Yes	Expendable Trust Funds was eliminated.
2002-2	Improper fund recording	No	Problem still existed throughout the fiscal year.
2002-3	Interest not recorded on cash accounts	Yes	Interest was properly recorded.
2002-4	Missing documentation on contracts and leases	Yes	Contract and lease records were organized and readily available.
2002-5	Food service	No	Problem still existed throughout the fiscal year. However, by June 30, 2003 improvements have been made.
2002-6	CD's with maturities longer than one year	Yes	All two-year CD's matured throughout the fiscal year.
2002-7	Appropriations exceeded actual receipts	No	Problems still existed throughout the fiscal year.
2002-8	Appropriations exceeded estimated resources	No	Problems still existed throughout the fiscal year.
2002-9	Expenditures in excess of appropriations	No	Problems still existed throughout the fiscal year. However, by June 30, 2003 improvements have been made.
2002-10	Transfers must be approved by the Board	Yes	All transfers were approved by the Board.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-1	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth
2003-2	The EIS system will be corrected and depreciation will be recalculated.	June 30, 2003	Lois A. Knuth
2003-3	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth
2003-4	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth
2003-5	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth
2003-6	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2003	Lois A. Knuth



**Auditor of State
Betty Montgomery**

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FOUR COUNTY CAREER CENTER

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 6, 2004**