



**Auditor of State
Betty Montgomery**

WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750-6934

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Washington County Career Center, Washington County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2003, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 13, 2003

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Washington County Career Center, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,894,266	\$27,169	\$0	\$5,832
Cash with Fiscal and Escrow Agents	0	0	159	0
<u>Receivables:</u>				
Taxes	1,885,689	0	0	0
Accounts	34,181	0	0	0
Intergovernmental	39,519	128,330	0	0
Interfund	130,761	0	0	0
Due from Other Funds	90	0	0	0
Prepaid Items	47,730	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	29,028	0	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	34,244	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$4,095,508	 \$155,499	 \$159	 \$5,832

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$1,193,466	\$101,383	\$0	\$0	\$3,222,116
0	0	0	0	159
0	0	0	0	1,885,689
84,670	0	0	0	118,851
73,083	0	0	0	240,932
0	0	0	0	130,761
0	60	0	0	150
7,409	0	0	0	55,139
1,947	0	0	0	1,947
37,649	0	0	0	66,677
0	0	0	0	34,244
153,379	0	8,377,083	0	8,530,462
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,057,186</u>	<u>1,057,186</u>
<u>\$1,551,603</u>	<u>\$101,443</u>	<u>\$8,377,083</u>	<u>\$1,057,186</u>	<u>\$15,344,313</u>

(continued)

Washington County Career Center, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity <u>and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$66,889	\$0	\$0	\$0
Accrued Wages and Benefits Payable	366,703	20,713	0	0
Compensated Absences Payable	8,369	0	0	0
Interfund Payable	0	127,261	0	3,500
Due to Other Funds	60	0	0	0
Intergovernmental Payable	66,516	5,131	0	0
Deferred Revenue	1,874,206	126,943	0	0
Due to Students	0	0	0	0
Matured Interest Payable	0	0	159	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
Total Liabilities	2,382,743	280,048	159	3,500
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	148,757	1,437	0	1,200
Reserved for Inventory	29,028	0	0	0
Reserved for Unclaimed Monies	216	0	0	0
Reserved for Property Taxes	41,476	0	0	0
Reserved for Capital Improvements	5,312	0	0	0
Reserved for Budget Stabilization	28,932	0	0	0
Unreserved:				
Designated for Budget Stabilization	69,251	0	0	0
Undesignated (Deficit)	1,389,793	(125,986)	0	1,132
Total Fund Equity and Other Credits (Deficit)	1,712,765	(124,549)	0	2,332
Total Liabilities, Fund Equity and Other Credits	\$4,095,508	\$155,499	\$159	\$5,832

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$17,229	\$0	\$0	\$0	\$84,118
70,003	0	0	0	457,419
45,200	0	0	475,417	528,986
0	0	0	0	130,761
90	0	0	0	150
19,792	0	0	2,641	94,080
0	0	0	0	2,001,149
0	101,443	0	0	101,443
0	0	0	0	159
6,370	0	0	14,128	20,498
0	0	0	565,000	565,000
<u>158,684</u>	<u>101,443</u>	<u>0</u>	<u>1,057,186</u>	<u>3,983,763</u>
0	0	8,377,083	0	8,377,083
41,412	0	0	0	41,412
1,351,507	0	0	0	1,351,507
0	0	0	0	151,394
0	0	0	0	29,028
0	0	0	0	216
0	0	0	0	41,476
0	0	0	0	5,312
0	0	0	0	28,932
0	0	0	0	69,251
0	0	0	0	1,264,939
<u>1,392,919</u>	<u>0</u>	<u>8,377,083</u>	<u>0</u>	<u>11,360,550</u>
<u>\$1,551,603</u>	<u>\$101,443</u>	<u>\$8,377,083</u>	<u>\$1,057,186</u>	<u>\$15,344,313</u>

Washington County Career Center, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2003

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Revenues:</u>				
Taxes	\$1,808,492	\$0	\$0	\$1,808,492
Intergovernmental	3,111,171	346,751	353,057	3,810,979
Interest	63,989	0	0	63,989
Tuition and Fees	1,628	0	0	1,628
Rent	28,667	0	0	28,667
Customer Services	67,964	0	0	67,964
Miscellaneous	95,388	0	0	95,388
Total Revenues	5,177,299	346,751	353,057	5,877,107
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	606,611	0	0	606,611
Special	5,780	581	0	6,361
Vocational	2,352,163	8,849	0	2,361,012
Adult/Continuing	0	28,465	0	28,465
Support Services:				
Pupils	61,969	128,468	0	190,437
Instructional Staff	337,123	35,515	0	372,638
Board of Education	14,374	0	0	14,374
Administration	443,868	40,123	0	483,991
Fiscal	237,774	0	0	237,774
Business	47,242	0	0	47,242
Operation of Plant	779,840	0	0	779,840
Central	139,279	104,441	0	243,720
Operation of Non-Instructional Services	6,865	42,598	0	49,463
Extracurricular Activities	19,333	0	0	19,333
Refund of Property Taxes	1,116	0	0	1,116
Capital Outlay	677,939	0	212,364	890,303
Debt Service:				
Principal Retirement	61,451	0	0	61,451
Interest and Fiscal Charges	26,547	0	0	26,547
Total Expenditures	5,819,274	389,040	212,364	6,420,678
Excess of Revenues Over (Under) Expenditures	(641,975)	(42,289)	140,693	(543,571)
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	615,000	0	0	615,000
Proceeds from Sale of Fixed Assets	44,361	0	0	44,361
Inception of Capital Lease	4,200	0	0	4,200
Operating Transfers In	0	0	29,912	29,912
Operating Transfers Out	(8,700)	0	0	(8,700)
Total Other Financing Sources (Uses)	654,861	0	29,912	684,773
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	12,886	(42,289)	170,605	141,202
Fund Balances (Deficits) at Beginning of Year	1,697,029	(82,260)	(168,273)	1,446,496
Increase in Reserve for Inventory	2,850	0	0	2,850
Fund Balances (Deficit) at End of Year	\$1,712,765	(\$124,549)	\$2,332	\$1,590,548

See accompanying notes to the general purpose financial statements

Washington County Career Center, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2003

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,816,686	\$1,810,657	(\$6,029)
Intergovernmental	3,068,220	3,191,527	123,307
Interest	66,691	65,941	(750)
Tuition and Fees	850	1,689	839
Rent	33,242	31,167	(2,075)
Customer Services	69,475	67,964	(1,511)
Miscellaneous	42,300	59,927	17,627
Total Revenues	5,097,464	5,228,872	131,408
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	610,306	600,876	9,430
Special	8,542	5,765	2,777
Vocational	2,563,766	2,423,447	140,319
Adult/Continuing	0	0	0
Support Services:			
Pupils	71,796	59,702	12,094
Instructional Staff	342,298	332,233	10,065
Board of Education	16,978	14,824	2,154
Administration	477,395	454,893	22,502
Fiscal	262,638	240,690	21,948
Business	51,358	48,174	3,184
Operation of Plant	987,360	858,248	129,112
Central	168,560	148,822	19,738
Operation of Non-Instructional Services	10,100	8,854	1,246
Extracurricular Activities	19,000	19,413	(413)
Capital Outlay	668,347	679,949	(11,602)
Debt Service:			
Principal	0	50,000	(50,000)
Interest and Fiscal Charges	75,156	25,166	49,990
Total Expenditures	6,333,600	5,971,056	362,544
Excess of Revenues Over (Under) Expenditures	(1,236,136)	(742,184)	493,952
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	1,000	5,926	4,926
Refund of Prior Year Receipts	0	(1,116)	(1,116)
Proceeds of Notes	615,000	615,000	0
Proceeds from Sale of Fixed Assets	69,755	44,361	(25,394)
Advances In	142,151	142,151	0
Advances Out	(163,949)	(163,949)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(13,118)	(8,700)	4,418
Total Other Financing Sources (Uses)	650,839	633,673	(17,166)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(585,297)	(108,511)	476,786
Fund Balances at Beginning of Year	1,660,880	1,660,880	0
Prior Year Encumbrances Appropriated	156,338	156,338	0
Fund Balances at End of Year	\$1,231,921	\$1,708,707	\$476,786

(continued)

Washington County Career Center, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Fiscal Year Ended June 30, 2003

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	493,698	365,764	(127,934)
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
Total Revenues	493,698	365,764	(127,934)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	0	0	0
Special	581	581	0
Vocational	8,855	8,855	0
Adult/Continuing	28,455	28,455	0
Support Services:			
Pupils	148,917	130,190	18,727
Instructional Staff	32,961	33,083	(122)
Board of Education	0	0	0
Administration	40,123	40,123	0
Fiscal	0	0	0
Business	0	0	0
Operation of Plant	0	0	0
Central	110,346	103,929	6,417
Operation of Non-Instructional Services	43,271	42,598	673
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	413,509	387,814	25,695
Excess of Revenues Over (Under) Expenditures	80,189	(22,050)	(102,239)
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(4,726)	(4,017)	709
Proceeds of Notes	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	135,449	135,449	0
Advances Out	(117,151)	(117,151)	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	13,572	14,281	709
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	93,761	(7,769)	(101,530)
Fund Balances at Beginning of Year	33,451	33,451	0
Prior Year Encumbrances Appropriated	50	50	0
Fund Balances at End of Year	\$127,262	\$25,732	(\$101,530)

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,816,686	\$1,810,657	(\$6,029)
353,500	349,557	(3,943)	3,915,418	3,906,848	(8,570)
0	0	0	66,691	65,941	(750)
0	0	0	850	1,689	839
0	0	0	33,242	31,167	(2,075)
0	0	0	69,475	67,964	(1,511)
0	0	0	42,300	59,927	17,627
<u>353,500</u>	<u>349,557</u>	<u>(3,943)</u>	<u>5,944,662</u>	<u>5,944,193</u>	<u>(469)</u>
0	0	0	610,306	600,876	9,430
0	0	0	9,123	6,346	2,777
0	0	0	2,572,621	2,432,302	140,319
0	0	0	28,455	28,455	0
0	0	0	220,713	189,892	30,821
0	0	0	375,259	365,316	9,943
0	0	0	16,978	14,824	2,154
0	0	0	517,518	495,016	22,502
0	0	0	262,638	240,690	21,948
0	0	0	51,358	48,174	3,184
0	0	0	987,360	858,248	129,112
0	0	0	278,906	252,751	26,155
0	0	0	53,371	51,452	1,919
0	0	0	19,000	19,413	(413)
334,398	328,479	5,919	1,002,745	1,008,428	(5,683)
0	0	0	0	50,000	(50,000)
0	0	0	75,156	25,166	49,990
<u>334,398</u>	<u>328,479</u>	<u>5,919</u>	<u>7,081,507</u>	<u>6,687,349</u>	<u>394,158</u>
<u>19,102</u>	<u>21,078</u>	<u>1,976</u>	<u>(1,136,845)</u>	<u>(743,156)</u>	<u>393,689</u>
0	0	0	1,000	5,926	4,926
0	(4,255)	(4,255)	(4,726)	(9,388)	(4,662)
0	0	0	615,000	615,000	0
0	0	0	69,755	44,361	(25,394)
23,500	23,500	0	301,100	301,100	0
(225,836)	(225,836)	0	(506,936)	(506,936)	0
30,000	29,912	(88)	30,000	29,912	(88)
0	0	0	(13,118)	(8,700)	4,418
<u>(172,336)</u>	<u>(176,679)</u>	<u>(4,343)</u>	<u>492,075</u>	<u>471,275</u>	<u>(20,800)</u>
(153,234)	(155,601)	(2,367)	(644,770)	(271,881)	372,889
15,671	15,671	0	1,710,002	1,710,002	0
<u>141,062</u>	<u>141,062</u>	<u>0</u>	<u>297,450</u>	<u>297,450</u>	<u>0</u>
<u>\$3,499</u>	<u>\$1,132</u>	<u>(\$2,367)</u>	<u>\$1,362,682</u>	<u>\$1,735,571</u>	<u>\$372,889</u>

Washington County Career Center, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Retained Earnings
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2003

	<u>Enterprise</u>
<u>Operating Revenues:</u>	
Tuition	\$1,713,697
Sales	62,969
Other Revenues	3,011
	<u>1,779,677</u>
<u>Operating Expenses:</u>	
Salaries and Wages	978,471
Fringe Benefits	272,997
Purchased Services	370,640
Materials and Supplies	334,491
Cost of Sales	51,350
Other	76,252
Depreciation	24,910
	<u>2,109,111</u>
Total Expenses	<u>2,109,111</u>
Operating Loss	<u>(329,434)</u>
<u>Non-Operating Revenues and Expenses:</u>	
Interest Income	100
Operating Grants	377,293
Federal Donated Commodities	9,823
Interest and Fiscal Charges	(719)
	<u>386,497</u>
Total Non-Operating Revenues and Expenses	<u>386,497</u>
Income Before Operating Transfers	57,063
Operating Transfers In	8,700
Operating Transfers Out	(29,912)
	<u>(21,212)</u>
Net Income	35,851
Retained Earnings at Beginning of Year	<u>1,315,656</u>
Retained Earnings at End of Year	<u><u>\$1,351,507</u></u>

See accompanying notes to the general purpose financial statements

Washington County Career Center, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2003

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$1,439,138	\$1,501,158	\$62,020
Sales	312,886	304,203	(8,683)
Other	1,885	3,011	1,126
Interest	0	100	100
Operating Grants	497,452	426,568	(70,884)
Total Revenues	2,251,361	2,235,040	(16,321)
<u>Expenses:</u>			
Salaries and Wages	1,049,146	1,001,540	47,606
Fringe Benefits	278,157	269,716	8,441
Purchased Services	546,988	487,069	59,919
Materials and Supplies	449,528	433,210	16,318
Capital Outlay	60,628	64,799	(4,171)
Other	76,252	76,252	0
Total Expenses	2,460,699	2,332,586	128,113
Excess of Revenues Under Expenses	(209,338)	(97,546)	111,792
Advances In	250,836	250,836	0
Advances Out	(45,000)	(45,000)	0
Operating Transfers In	8,700	8,700	0
Operating Transfers Out	0	(29,912)	(29,912)
Excess of Revenues Over Expenses, Operating Transfers and Advances	5,198	87,078	81,880
Fund Equity at Beginning of Year	762,555	762,555	0
Prior Year Encumbrances Appropriated	209,659	209,659	0
Fund Equity at End of Year	\$977,412	\$1,059,292	\$81,880

See accompanying notes to the general purpose financial statements

Washington County Career Center, Ohio
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2003

	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$1,805,361
Cash Received from Other Operating Revenues	3,011
Cash Payments for Other Operating Expenses	(76,252)
Cash Payments to Suppliers for Goods and Services	(785,544)
Cash Payments for Employee Services	(1,001,540)
Cash Payments for Employee Benefits	(269,716)
	(324,680)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Transfers In	8,700
Operating Transfers Out	(29,912)
Advances In	250,836
Advances Out	(45,000)
Operating Grants Received	426,568
	611,192
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Capital Lease Principal Payments	(4,680)
Capital Lease Interest Payments	(719)
Acquisition of Capital Assets	(64,799)
	(70,198)
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	100
	216,414
Cash and Cash Equivalents at Beginning of Year	977,052
Cash and Cash Equivalents at End of Year	\$1,193,466
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$329,434)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation	24,910
Donated Commodities Used During Year	9,837
<u>Changes in Assets and Liabilities:</u>	
Increase in Accounts Receivable	(15,837)
Decrease in Intergovernmental Receivable	48,434
Increase in Prepaid Items	(1,818)
Increase in Inventory Held for Resale	(79)
Increase in Materials and Supplies Inventory	(23,898)
Decrease in Accounts Payable	(21,824)
Increase in Accrued Wages and Benefits Payable	1,050
Decrease in Compensated Absences Payable	(22,490)
Increase in Due to Other Funds	49
Increase in Intergovernmental Payable	6,420
	4,754
Net Cash Used for Operating Activities	(\$324,680)

Non-cash transaction: During fiscal year 2003, the Lunchroom Enterprise Fund received \$9,823 in donated commodities.

See accompanying notes to the general purpose financial statements

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Washington County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Washington County Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The Career Center exposes students to job training leading to employment upon graduation from high school.

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 22 classified employees and 57 certificated employees who provide services to 415 Washington County juniors and seniors and 1,656 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity:

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center.

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

The Career Center participates in the Southeast Ohio Voluntary Educational Consortium, the Southeastern Ohio Voluntary Education Cooperative, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program and the Ohio School Plan, which are defined as insurance purchasing pools. These organizations are presented in Notes 19 and 20.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Washington 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 issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the Career Center's accounting policies are described below.

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

A. Basis of Presentation - Fund Accounting

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

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

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

GOVERNMENTAL FUND TYPES:

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

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

PROPRIETARY FUND TYPE:

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

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

FIDUCIARY FUND TYPE:

The fiduciary fund type is used to account for assets held by the Career Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Career Center's fiduciary fund consists of an agency fund. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

ACCOUNT GROUPS:

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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 property taxes and grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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: investment earnings, tuition, grants, and student fees.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level without resolution by the Board.

Tax Budget:

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

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Career Center. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriations were legally enacted; however, none of

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-fiscal year expenditures for governmental funds and reported in the notes to the financial statements for the proprietary fund type.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

The Career Center has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2003. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 amounted to \$63,989, which includes \$33,773 assigned from other Career Center funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities 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 not purchased from the pool are reported as investments.

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

The Career Center utilizes financial institutions to service bonded debt as principal and interest payments come due. The balances in these accounts are presented on the combined balance sheet as “cash with fiscal and escrow agents” and represent deposits.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the Career Center for the acquisition or construction of capital assets and the unspent workers' compensation refund monies required to be maintained for budget stabilization. See Note 17 for additional information regarding set-asides.

F. Inventory

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

G. 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 by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the fiscal year in which services are consumed.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in proprietary funds are capitalized in those funds. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of three hundred dollars. The Career Center does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of ten to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from/to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

J. 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 one year of service with the Career Center.

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

M. Fund Balance Reserves and Designation

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents unspent workers' compensation refund money.

The Career Center has a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization.

N. Estimates

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

O. Contributed Capital

Contributed capital represents resources provided from other governments, private sources, and other funds to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end. Future contributions of capital, other than amounts received from other funds, will be recorded as revenues and reported as increases to retained earnings.

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 – RESTATEMENT OF PRIOR YEAR BALANCES

In the previous fiscal year, fixed assets were overstated in the General Fixed Assets Account Group by \$155,156. Balances as previously reported were \$7,612,296 and were restated to \$7,457,140.

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 4 - FUND DEFICITS

At June 30, 2003, the following funds had deficit fund balances/retained earnings:

	<u>Deficits</u>
Special Revenue Funds:	
Professional Development Block Grant	\$244
Carl Perkins	\$81,495
Adult Perkins	\$35,612
Full Service Center	\$2,700
Career Development	\$3,862
Miscellaneous State Grants	\$3,750
Enterprise Fund:	
Lunchroom	\$28,659

The deficits in the special revenue funds resulted from expenditures made in excess of available revenues. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

The deficit retained earnings in the Lunchroom Enterprise Fund was the result of accumulated losses. The Career Center is analyzing fund operations to determine appropriate steps to alleviate the deficit.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Cash adjustments are reported for GAAP that are not reported on a cash basis (budget basis).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$12,886	(\$42,289)	\$170,605
Revenue Accruals	55,547	19,013	0
Expenditure Accruals	74,720	(1,354)	(119,170)
Unreported Items:			
Beginning of the Fiscal Year	4,832	0	0
End of the Fiscal Year	(2,880)	0	(3,500)
Prepaid Items:			
Beginning of the Fiscal Year	32,835	0	0
End of the Fiscal Year	(47,730)	0	0
Advances In	142,151	135,449	23,500
Advances Out	(163,949)	(117,151)	(225,836)
Encumbrances	(216,923)	(1,437)	(1,200)
Budget Basis	(\$108,511)	(\$7,769)	(\$155,601)

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

Net Income/Excess of Revenues Over Expenses	
Proprietary Fund Type	
	Enterprise
GAAP Basis	\$35,851
Revenue Accruals	81,745
Expense Accruals	(65,305)
Unreported Cash:	
Beginning of the Fiscal Year	4,832
End of the Fiscal Year	(8,607)
Prepaid Items:	
Beginning of the Fiscal Year	5,591
End of the Fiscal Year	(7,409)
Capital Outlay	(64,799)
Advances In	250,836
Advances Out	(45,000)
Depreciation Expense	24,910
Encumbrances	(125,567)
Budget Basis	\$87,078

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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 money deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

Cash on Hand: At fiscal year end, the Career Center had \$100 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."

Deposits: At fiscal year end, the carrying amount of the Career Center's deposits was \$963,829 and the bank balance was \$1,187,836. Of the bank balance, \$136,468 was covered by federal depository insurance and \$1,051,368 was collateralized with securities held by the pledging financial institution's trust department in the Career Center's name.

Investments: The Career Center's investments are required to be 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 or 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. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAROhio at June 30, 2003, was \$2,292,590.

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."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$3,256,519	\$0
Cash on Hand	(100)	0
Investments:		
STAR Ohio	(2,292,590)	2,292,590
GASB Statement 3	\$963,829	\$2,292,590

NOTE 7 - PROPERTY TAXES

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

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

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

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County 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.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are 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, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003, was \$41,476 in the General Fund. The amount available as an advance at June 30, 2002, was \$43,672 in the General Fund.

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

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	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$739,951,810	67%	\$749,473,720	68%
Public Utility Personal	116,172,020	11%	118,001,000	11%
Tangible Personal Property	241,976,030	22%	230,806,120	21%
Total	<u>\$1,098,099,860</u>	<u>100%</u>	<u>\$1,098,280,840</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$1.80		\$1.80	

NOTE 8 - RECEIVABLES

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

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Adult Education	\$30,024
Customer Services	9,030
State Share of FEMA	222
Homestead and Rollback	78
Miscellaneous	<u>165</u>
Total General Fund	<u>39,519</u>
Special Revenue Funds:	
Carl Perkins	80,937
Adult Carl Perkins	35,394
Career Development	3,862
High Schools That Work	3,750
Adult Workforce Education	
Full Service Center Grant	2,700
FEMA	1,387
Awareness Grant	<u>300</u>
Total Special Revenue Funds	<u>128,330</u>
Adult Education Enterprise Fund	<u>73,083</u>
Total Intergovernmental Receivables	<u><u>\$240,932</u></u>

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
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NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2003, follows:

Furniture and Equipment	\$227,306
Vehicles	15,000
Less Accumulated Depreciation	<u>(88,927)</u>
Net Fixed Assets	<u><u>\$153,379</u></u>

A summary of the changes in general fixed assets during fiscal year 2003 follows:

<u>Asset Category</u>	<u>Balance at 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/03</u>
Land and Improvements	\$48,000	\$0	\$0	\$48,000
Buildings	4,797,488	612,621	0	5,410,109
Furniture and Equipment	2,581,081	291,072	0	2,872,153
Vehicles	<u>30,571</u>	<u>16,250</u>	<u>0</u>	<u>46,821</u>
Totals	<u><u>\$7,457,140</u></u>	<u><u>\$919,943</u></u>	<u><u>\$0</u></u>	<u><u>\$8,377,083</u></u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the Career Center contracted with the following insurance companies for coverages:

Utica National Insurance Company through Schwendeman Sigafoos Insurance Agency Automobile Liability	\$1,000,000
Comprehensive (\$500 deductible)	
Collisions (\$500 deductible)	
Utica National Insurance Company through Schwendeman Sigafoos Insurance Agency Building and Contents - replacement cost (\$1,000 deductible)	\$18,394,100
Inland Marine (\$100 deductible)	\$600,000
Boiler and Machinery (\$1,000 deductible)	\$5,000,000

During fiscal year 2003, the Career Center joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The Career Center pays this annual premium to the OSP (See Note 20).

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

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	\$3,000,000
Products – Completed Operations Aggregate Limit	\$1,000,000
Personal and Advertising Injury Limit – Each Occurrence	\$10,000
Fire Damage Limit – Any One Event	\$500,000
Employee Benefits Liability:	
Each Offence Limit	\$1,000,000
Aggregate Limit	\$3,000,000
Employers' Liability:	
Each Occurrence	\$1,000,000
Disease – Each Employee	\$1,000,000
Educational Legal Liability (\$2,500 Deductible):	
Errors and Omissions/Aggregate	\$1,000,000/\$2,000,000
Employment Practices/Aggregate	\$1,000,000/\$2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2003, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP 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 GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP 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 GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to members that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001, were \$417,032, \$303,554, and \$187,047, respectively; 88.90 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$1,962 made by the Career Center and \$8,322 made by the plan members.

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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Washington County Career Center, Ohio
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Plan members are required to contribute 9 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center's rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$46,679, \$33,981, and \$24,766, respectively; 96.54 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001

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, two members of the Board of Education had elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount equaled \$32,079 for fiscal year 2003.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000 and STRS Ohio had 105,300 eligible benefit recipients.

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

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After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the Career Center, the amount contributed to fund health care benefits during the 2003 fiscal year equaled \$36,942.

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

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 270 days. Upon retirement, employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 68 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 81 days for employees having fifteen or more years of service.

B. Insurance Benefits

The Career Center provides medical/surgical benefits through Anthem Blue Cross Blue Shield. The Career Center pays the total cost of individual plans and ninety percent of the monthly family coverage premiums.

The Career Center pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through Anthem Life Insurance Company, dental coverage is provided through Core Source, and vision insurance is provided through Vision Service Plan.

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NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

The Career Center has entered into capitalized leases for copiers and office equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the combined financial statements for the governmental funds and as a reduction of the liability in the enterprise funds.

Equipment acquired by lease has been capitalized in the general fixed assets account group in the amount of \$35,800, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2003 totaled \$11,451 in the General Fund and \$4,680 in the Adult Education Enterprise Fund. The book value of the Adult Education Enterprise Fund capital lease is \$8,400 at fiscal year end; the present value of the future minimum lease payments at acquisition was \$12,000.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the net minimum lease payments:

<u>Fiscal Year</u>	<u>GLTOAG</u>	<u>Enterprise</u>	<u>Total</u>
2004	\$8,689	\$4,536	\$13,225
2005	4,244	2,265	6,509
2006	1,068	0	1,068
2007	1,068	0	1,068
2008	623	0	623
Total	15,692	6,801	22,493
Less: Amount Representing Interest	(1,564)	(431)	(1,995)
Present Value of Net Minimum Lease Payments	<u>\$14,128</u>	<u>\$6,370</u>	<u>\$20,498</u>

Washington County Career Center, Ohio
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NOTE 15 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/02	Additions	Deductions	Principal Outstanding 6/30/03
Compensated Absences	\$471,004	\$79,709	\$75,296	\$475,417
Energy Conservation Notes - 2% - 5.9%	0	615,000	50,000	565,000
Tax Refund	1,116	0	1,116	0
Capital Leases	21,379	4,200	11,451	14,128
Pension Obligation	4,579	2,641	4,579	2,641
Total General Long-Term Obligations	<u>\$498,078</u>	<u>\$701,550</u>	<u>\$142,442</u>	<u>\$1,057,186</u>

Capital leases will be paid from the General Fund. Compensated absences and long-term pension obligations will be paid from the fund which the employee's salaries are paid.

Based on the March 26, 1997 decision by the Ohio State Supreme Court, the Career Center is required to refund public utility property taxes collected for the 1991 through 1996 tax years to Texas Eastern Transmission Corporation. The liability was paid from the General Fund through reductions in tax settlements. No interest was charged on the liability for the 1992 through 1996 tax years.

In 2003, the Career Center issued \$615,000 in energy conservation note for the purpose of providing energy conservation measures for the Career Center, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The energy conservation notes will be paid from tax revenues from the General Fund.

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

Washington County Career Center, Ohio
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Fiscal Year Ending June 30, 2003	Principal	Interest	Total
2004	\$30,000	\$27,905	\$57,905
2005	30,000	27,245	57,245
2006	30,000	26,270	56,270
2007	35,000	24,889	59,889
2008	35,000	23,401	58,401
2009-2013	200,000	89,876	289,876
2014-2017	205,000	25,223	230,223
Total	<u>\$565,000</u>	<u>\$244,809</u>	<u>\$809,809</u>

The Career Center's overall legal debt margin was \$98,845,276, with an unvoted debt margin of \$1,098,281 at June 30, 2003.

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2003, receivables and payables that resulted from various interfund transactions are follows:

	Interfund Receivable	Interfund Payable
General Fund	<u>\$130,761</u>	<u>\$0</u>
Special Revenue Funds:		
Carl Perkins	0	81,011
Adult Carl Perkins	0	35,394
Career Development	0	3,862
Miscellaneous State Grants	0	3,750
Full Service Center	0	2,700
Miscellaneous Federal Grants	0	300
Professional Development	0	244
Total Special Revenue Funds	<u>0</u>	<u>127,261</u>
Network Connectivity Capital Projects Fund	0	3,500
Total All Funds	<u>\$130,761</u>	<u>\$130,761</u>

Also at June 30, 2003, the General Fund owed \$60 to the Agency Funds and the Adult Education Enterprise Fund owed \$90 to the General Fund for services provided.

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
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NOTE 17 - SET-ASIDE CALCULATIONS

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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior years, the Career Center was also required to set aside money for the budget stabilization. At June 30, 2003, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2002	(\$20,370)	\$6,145	\$28,932
Current year set-aside requirement	55,941	55,941	0
Qualifying Disbursements	<u>(56,610)</u>	<u>(56,774)</u>	<u>0</u>
Totals	<u>(\$21,039)</u>	<u>\$5,312</u>	<u>\$28,932</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$21,039)</u>	<u>\$5,312</u>	<u>\$28,932</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$0</u>	<u>\$5,312</u>	<u>\$28,932</u>

The Career Center had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$34,244.

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Career Center maintains three enterprise funds to account for the operations of the lunchroom, uniform school supplies, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Washington County Career Center as of and for the fiscal year ended June 30, 2003.

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	Lunchroom	Uniform School Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$49,787	\$13,872	\$1,716,018	\$1,779,677
Depreciation Expense	2,328	811	21,771	24,910
Operating Income (Loss)	(52,680)	5,745	(282,499)	(329,434)
Operating Grants	31,676	0	345,617	377,293
Donated Commodities	9,823	0	0	9,823
Interest Income	100	0	0	100
Interest and Fiscal Charges	0	0	(719)	(\$719)
Transfers In	8,700	0	0	8,700
Transfers Out	0	0	(29,912)	(29,912)
Net Income (Loss)	(2,381)	5,745	32,487	35,851
Fixed Asset Additions	0	0	64,799	64,799
Net Working Capital	(469)	42,998	1,245,414	1,287,943
Long-Term Capital Lease Payable	0	0	2,212	2,212
Long-Term Compensated				
Absences Payable	3,348	0	41,852	45,200
Long-Term Pension Obligation	461	0	530	991
Total Assets	19,949	45,659	1,485,995	1,551,603
Total Equity	8,516	45,659	1,338,744	1,392,919
Cash Encumbrances	\$64	\$425	\$125,078	\$125,567

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Educational Consortium (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among members. SEOVEC has 38 participants consisting of 30 schools and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2003, the Washington County Career Center paid \$13,284 to SEOVEC. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

South Eastern Ohio Special Education Regional Resource Center (SEOSERRC) - SEOSERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University, and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

Coalition of Rural and Appalachian Career Centers - The Coalition of Rural and Appalachian Schools consists of over one hundred schools in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the schools within that County. The Council provides various services for school administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school personnel. The Coalition is not dependent upon the continued participation of the Career Center and the Career Center does not maintain an equity interest in or a financial responsibility for the Coalition. During fiscal year 2003, the Washington County Career Center paid \$300 to the Coalition.

NOTE 20 - INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan - The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

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

NOTE 21 - 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 decision 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 its future State funding and on its financial operations.

Washington County Career Center, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 22 - CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2003.

B. Litigation

The Washington County Career Center is currently not a party to any litigation.

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A	\$	\$ 9,823	\$	\$ 9,837
National School Lunch Program	10.555	LLP4-2002 LLP4-2003	4,039 26,473		4,039 26,473	
Total National School Lunch Program			<u>30,512</u>	<u>0</u>	<u>30,512</u>	<u>0</u>
Total Nutrition Cluster			<u>30,512</u>	<u>9,823</u>	<u>30,512</u>	<u>9,837</u>
Total United States Department of Agriculture			30,512	9,823	30,512	9,837
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Direct from Federal Government:</i>						
Federal Pell Grant Program	84.063	N/A	42,598		42,598	
Reading is Fundamental	84.000	N/A	804		804	
<i>Passed through Ohio Department of Education:</i>						
Vocational Education - Basic Grants to States	84.048	20A0-2001 20A0-2002 20C1-2002 20C1-2003 20C2-2002 20C2-2003	20,400 3,600 43,123 91,862 40,146 50,883		22,208 147,732 86,277	
Total Vocational Education - Basic Grants to States			<u>250,014</u>	<u>0</u>	<u>256,217</u>	<u>0</u>
Eisenhower Professional Development State Grants	84.281	MSS1-2001 MSS1-2002			235 1,309	
Total Eisenhower Professional Development State Grants			<u>0</u>	<u>0</u>	<u>1,544</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2S1-2002	1,694		0	
Vocational Education - Occupational and Employment Information State Grants	84.346	VEACRN-2003 OCIS-07	1,700		2,000	
Total United States Department of Education			<u>296,810</u>	<u>0</u>	<u>303,163</u>	<u>0</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY						
<i>Passed through Ohio Emergency Management Agency:</i>						
Public Assistance Grants - Emergency Snow Removal	83.544	DR-1453-OH	0	0	1,387	0
Total Federal Emergency Management Agency			<u>0</u>	<u>0</u>	<u>1,387</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 327,322</u>	<u>\$ 9,823</u>	<u>\$ 335,062</u>	<u>\$ 9,837</u>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the Career Center had no significant food commodities in inventory.



Auditor of State Betty Montgomery

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

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750-6934

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2003, and have issued our report thereon dated November 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Career Center's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Career Center in a separate letter dated November 13, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 13, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750-6934

To the Board of Education:

Compliance

We have audited the compliance of the Washington County Career Center, Washington County, Ohio (the 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 program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with those requirements.

In our opinion, the Career Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program 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.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 13, 2003

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
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WASHINGTON COUNTY CAREER CENTER

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 13, 2004**