



**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Portage Lakes Career Center
Summit County
4401 Shriver Road
Green, Ohio 44232

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Portage Lakes Career Center, Summit County, (the Career Center) as of and for the year ended June 30, 2001, 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 Portage Lakes Career Center, Summit County, as of June 30, 2001, 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 December 13, 2001 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.

We performed our audit to form an opinion on the general purpose financial statements of the Career Center, taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards 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 the general purpose financial statements and, 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, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

December 13, 2001

Portage Lakes Career Center
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)
	Special Revenue	Debt Service	Capital Projects	Internal Service	Expendable Trust and Agency	General Fixed Assets	General Long-Term Obligations		
ASSETS AND OTHER DEBITS:									
Assets:									
Equity in Pooled Cash and Investments	\$2,662,842	\$493,246	\$56,935	\$1,206,000	\$385,313	\$47,276	\$-	\$-	\$4,851,612
Receivables									
Taxes	2,656,877	-	-	-	-	-	-	-	2,656,877
Accounts	17,280	-	-	-	-	-	-	-	17,280
Intergovernmental	3,533	-	-	-	-	-	-	-	3,533
Interfund	39,366	-	-	-	-	-	-	-	39,366
Interest	10,998	-	-	-	-	-	-	-	10,998
Materials and Supplies									
Inventory	16,885	-	-	-	-	-	-	-	16,885
Prepaid Items	7,574	-	-	-	-	-	-	-	7,574
Restricted Assets:									
Equity in Pooled Cash and Investments	243,407	-	-	-	-	-	-	-	243,407
Fixed Assets	-	-	-	-	-	-	7,302,722	-	7,302,722
Other Debits:									
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-	-	-	765,256	-	765,256
Total Assets and Other Debits	<u>\$5,658,762</u>	<u>\$493,246</u>	<u>\$56,935</u>	<u>\$1,206,000</u>	<u>\$385,313</u>	<u>\$47,276</u>	<u>\$7,302,722</u>	<u>\$765,256</u>	<u>\$15,915,510</u>

(Continued)

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Internal Service	Expendable Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, FUND EQUITY AND OTHER CREDITS:									
Liabilities:									
Accounts Payable	\$45,040	\$6,615	\$-	\$-	\$-	\$-	\$-	\$-	\$51,655
Accrued Wages and Benefits	643,168	30,873	-	-	-	-	-	-	674,041
Compensated Absences	46,200	-	-	-	-	-	-	593,281	639,481
Intergovernmental Payable	75,912	2,084	-	-	-	-	-	-	77,996
Interfund Payable	-	39,350	-	-	-	16	-	-	39,366
Due to Others	-	-	-	-	-	23,037	-	-	23,037
Deferred Revenue	2,541,040	-	-	-	-	-	-	-	2,541,040
Claims Payable	-	-	-	-	61,115	-	-	-	61,115
Capital Lease Payable	-	-	-	-	-	-	-	25,975	25,975
Bonds Payable	-	-	-	-	-	-	-	146,000	146,000
Total Liabilities	3,351,360	78,922	-	-	61,115	23,053	-	765,256	4,279,706

(Continued)

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Internal Service	Expendable Trust and Agency	General	Fixed Assets	Long-Term Obligations	
Fund Equity and Other Credits:										
Investment in General Fixed Assets	-	-	-	-	-	-	-	7,302,722	-	7,302,722
Retained Earnings - Unreserved	-	-	-	-	324,198	-	-	-	-	324,198
Fund Balances										
Reserved for Property Taxes	115,837	-	-	-	-	-	-	-	-	115,837
Reserved for Encumbrances	44,421	11,167	56,935	-	-	500	-	-	-	113,023
Reserved for Inventory	16,885	-	-	-	-	-	-	-	-	16,885
Reserved for Prepaid Items	7,574	-	-	-	-	-	-	-	-	7,574
Reserved for Budget Stabilization	132,016	-	-	-	-	-	-	-	-	132,016
Reserved for Textbooks & Instructional Items	111,391	-	-	-	-	-	-	-	-	111,391
Unreserved - Undesignated	1,879,278	403,157	-	1,206,000	-	23,723	-	-	-	3,512,158
Total Fund Equity and Other Credits	2,307,402	414,324	56,935	1,206,000	324,198	24,223	7,302,722	-	-	11,635,804
Total Liabilities, Fund Equity and Other Credits	55,658,762	5493,246	556,935	51,206,000	5385,313	847,276	57,302,722	57,65,256	-	515,915,510

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
					Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUE:						
Taxes	\$2,756,893	\$-	\$-	\$-	\$-	\$2,756,893
Tuition and Fees	-	578,142	-	-	-	578,142
Intergovernmental	3,355,343	676,460	-	6,000	-	4,037,803
Interest	256,848	-	-	-	15,318	272,166
Extracurricular Activities	-	9,814	-	-	-	9,814
Other	138,192	12,888	-	-	-	151,080
Classroom Materials & Fees	70,886	-	-	-	-	70,886
Total Revenues	6,578,162	1,277,304	-	6,000	15,318	7,876,784
EXPENDITURES:						
Current						
Instruction						
Regular	339,505	-	-	-	-	339,505
Special	99,408	-	-	-	9,552	108,960
Vocational	3,080,361	162,775	-	-	-	3,243,136
Adult/Continuing	-	883,205	-	-	-	883,205
Other	45,001	-	-	-	-	45,001
Support Services						
Pupil	239,055	136,256	-	-	-	375,311
Instructional Staff	225,290	33,286	-	-	-	258,576
Board of Education	16,911	-	-	-	-	16,911
Administration	599,441	14,608	-	-	-	614,049
Fiscal	338,742	-	-	-	-	338,742
Operation and Maintenance of Plant						
Pupil Transportation	26,326	-	-	-	-	26,326
Central	9,254	88,482	-	-	-	97,736
Extracurricular Activities	1,158	10,581	-	-	-	11,739
Debt Service						
Principal and Interest Retirement	53,509	-	59,310	-	-	112,819
Total Expenditures	5,632,077	1,329,193	59,310	-	9,552	7,030,132
Revenues Over (Under)						
Expenditures	946,085	(51,889)	(59,310)	6,000	5,766	846,652

(Continued)

The accompanying notes are an integral part of these statements.

**Portage Lakes Career Center
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
OTHER FINANCING SOURCES (USES):						
Sale of Fixed Assets	\$-	\$-	\$-	\$-	\$-	\$-
Operating Transfers - In	50,000	63,778	56,935	218,429	-	389,142
Operating Transfers - Out	(389,142)	-	-	-	-	(389,142)
Refund of Prior Year's Expense	25,312	570	-	-	-	25,882
Refund of Prior Year's Receipts	-	(3,173)	-	-	-	(3,173)
Total Other Financing Sources (Uses)	<u>(313,830)</u>	<u>61,175</u>	<u>56,935</u>	<u>218,429</u>	<u>-</u>	<u>22,709</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	632,255	9,286	(2,375)	224,429	5,766	869,361
Fund Balances at Beginning of Year	1,670,117	405,038	59,310	981,571	18,457	3,134,493
Decrease in Reserve for Inventory	<u>5,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,030</u>
Fund Balances at End of Year	<u>\$2,307,402</u>	<u>\$414,324</u>	<u>\$56,935</u>	<u>\$1,206,000</u>	<u>\$24,223</u>	<u>\$4,008,884</u>

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget Basis and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 2,711,876	\$ 2,697,937	\$ (13,939)
Tuition and Fees	134	-	(134)
Intergovernmental	2,805,539	3,361,197	555,658
Interest	160,000	246,217	86,217
Extracurricular Activities	-	-	0
Classroom Materials & Fees	59,991	53,781	(6,210)
Other	139,120	138,719	(401)
Total Revenues	5,876,660	6,497,851	\$ 621,191
EXPENDITURES:			
Current			
Instruction			
Regular	339,583	322,515	17,068
Special	120,226	92,385	27,841
Vocational	3,286,754	2,989,756	296,998
Adult Continuing	-	-	-
Other	49,300	44,997	4,303
Support Services			
Pupil	264,685	237,140	27,545
Instructional Staff	258,610	224,889	33,721
Board of Education	36,175	21,138	15,037
Administration	673,876	594,615	79,261
Fiscal	390,047	352,251	37,796
Operation and Maintenance of Plant	613,341	561,748	51,593
Pupil Transportation	31,046	26,906	4,140
Central	14,517	11,741	2,776
Food Service Operations	-	-	-
Extracurricular Activities	1,700	1,155	545
Capital Outlay	31,202	-	31,202
Debt Service	-	-	-
Principal Retirement and Interest	53,520	53,509	11
Total Expenditures	6,164,582	5,534,745	629,837
Revenues Over (Under) Expenditures	(287,922)	963,106	1,251,028
OTHER FINANCING SOURCES (USES):			
Sale of Fixed Assets	1,000	-	(1,000)
Advances - In	45,657	45,657	-
Advances - Out	(50,000)	(40,196)	9,804
Refund of Prior Year Expenditures	2,000	25,665	23,665
Refund of Prior Year Receipt	(1,000)	-	1,000
Operating Transfers - In	125,000	50,000	(75,000)
Operating Transfers - Out	(391,235)	(389,142)	2,093
Total Other Financing Sources (Uses)	(268,578)	(308,016)	(39,438)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(556,500)	655,089	1,211,590
Fund Balances at Beginning of Year	2,061,024	2,061,024	-
Prior Year Encumbrances	105,767	105,767	-
Fund Balances at End of Year	\$ 1,610,291	\$ 2,821,880	\$ 1,211,590

The accompanying notes are an integral part of these statements.

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
553,000	578,143	25,143	-	-	-
749,749	676,459	(73,290)	-	-	-
-	-	0	-	-	-
11,796	11,814	18	-	-	-
-	-	0	-	-	-
20,500	12,888	(7,612)	-	-	-
<u>1,335,045</u>	<u>1,279,304</u>	<u>(55,741)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
180,581	180,380	201	-	-	-
898,457	898,352	105	-	-	-
-	-	-	-	-	-
131,753	131,753	-	-	-	-
48,101	33,451	14,650	-	-	-
-	-	-	-	-	-
14,596	14,596	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
88,321	88,321	-	-	-	-
-	-	-	-	-	-
13,193	10,580	2,613	-	-	-
-	-	-	-	-	-
-	-	-	116,245	116,245	-
<u>1,375,002</u>	<u>1,357,433</u>	<u>17,569</u>	<u>116,245</u>	<u>116,245</u>	<u>-</u>
<u>(39,957)</u>	<u>(78,129)</u>	<u>(38,172)</u>	<u>(116,245)</u>	<u>(116,245)</u>	<u>-</u>
-	-	-	-	-	-
40,180	40,180	-	-	-	-
(43,996)	(43,996)	-	-	-	-
570	598	28	-	-	-
(3,172)	(3,172)	-	-	-	-
66,778	63,778	(3,000)	56,935	56,935	-
-	-	-	-	-	-
<u>60,360</u>	<u>57,388</u>	<u>(2,972)</u>	<u>56,935</u>	<u>56,935</u>	<u>-</u>
-	-	-	-	-	-
20,402	(20,742)	(41,144)	(59,310)	(59,310)	-
418,863	418,863	-	59,310	59,310	-
78,381	78,381	-	-	-	-
<u>\$ 517,646</u>	<u>\$ 476,502</u>	<u>\$ (41,144)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**Portage Lakes Career Center
 Combined Statement of Revenues, Expenditures, and Changes
 in Fund Balances - Budget Basis and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001**

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Tuition and Fees	-	-	-
Intergovernmental	6,000	6,000	-
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Other	-	-	-
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>-</u>
EXPENDITURES:			
Current			
Instruction			
Regular	-	-	-
Special	-	-	-
Vocational	-	-	-
Adult Continuing	-	-	-
Other	-	-	-
Support Services			
Pupil	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	-	-	-
Central	-	-	-
Food Service Operations	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
Principal Retirement and Interest	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Sale of Fixed Assets	-	-	-
Advances - In	-	-	-
Advances - Out	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipt	-	-	-
Operating Transfers - In	218,429	218,429	-
Operating Transfers - Out	-	-	-
Total Other Financing Sources (Uses)	<u>218,429</u>	<u>218,429</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>224,429</u>	<u>224,429</u>	<u>-</u>
Fund Balances at Beginning of Year	981,571	981,571	-
Prior Year Encumbrances	-	-	-
Fund Balance at End of Year	<u>\$ 1,206,000</u>	<u>\$ 1,206,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 2,711,876	\$ 2,697,937	\$ (13,939)
-	-	0	553,134	578,143	25,009
15,317	15,317	0	3,576,605	4,058,973	482,368
-	-	0	160,000	246,217	86,217
-	-	0	11,796	11,814	18
-	-	0	59,991	53,781	(6,210)
-	-	0	159,620	151,607	(8,013)
15,317	15,317	-	7,233,022	7,798,472	565,450
-	-	-	339,583	322,515	17,068
-	-	-	120,226	92,385	27,841
30,770	10,052	20,718	3,498,105	3,180,188	317,917
-	-	-	898,457	898,352	105
-	-	-	49,300	44,997	4,303
-	-	-	396,438	368,893	27,545
-	-	-	306,711	258,340	48,371
-	-	-	36,175	21,138	15,037
-	-	-	688,472	609,211	79,261
-	-	-	390,047	352,251	37,796
-	-	-	613,341	561,748	51,593
-	-	-	31,046	26,906	4,140
-	-	-	102,838	100,062	2,776
-	-	-	-	-	-
-	-	-	14,893	11,735	3,158
-	-	-	31,202	-	31,202
-	-	-	169,765	169,754	11
30,770	10,052	20,718	7,686,599	7,018,475	668,124
(15,453)	5,265	20,718	(453,577)	779,997	1,233,574
-	-	-	1,000	-	(1,000)
-	-	-	85,837	85,837	-
-	-	-	(93,996)	(84,192)	9,804
-	-	-	2,570	26,263	23,693
-	-	-	(4,172)	(3,172)	1,000
-	-	-	467,142	389,142	(78,000)
-	-	-	(391,235)	(389,142)	2,093
-	-	-	67,146	24,736	(42,410)
(15,453)	5,265	20,718	(386,431)	804,733	1,191,164
14,645	14,645	-	3,535,413	3,535,413	-
3,812	3,812	-	187,960	187,960	-
\$ 3,004	\$ 23,722	\$ 20,718	\$ 3,336,942	\$ 4,528,106	\$ 1,191,164

Portage Lakes Career Center
 Combined Statement of Revenues, Expenses and Changes in
 Retained Earnings - Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2001

	<u>Internal Service</u>
OPERATING REVENUES:	
Charges for Services	<u>\$747,847</u>
Total Operating Revenues	<u>747,847</u>
OPERATING EXPENSES:	
Claims	<u>835,451</u>
Total Operating Expenses	<u>835,451</u>
Operating Loss	(87,604)
Retained Earnings at Beginning of Year	<u>411,802</u>
Retained Earnings at End of Year	<u><u>\$324,198</u></u>

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center
Combined Statement of Revenues, Expenditures, and Changes
in Fund Equity - Budget Basis and Actual
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	<u>Internal Service Funds</u>		<u>Variance Favorable (Unfavorable)</u>
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Other	\$ 748,500	\$ 747,847	\$ (653)
EXPENSES:			
Claims	839,075	839,075	23,528
Revenues Over (Under) Expenditures	(90,575)	(91,228)	(653)
Fund Equity at Beginning of Year	476,542	476,542	-
Prior Year Encumbrances	-	-	-
Fund Equity at End of Year	<u>\$ 385,967</u>	<u>\$ 385,314</u>	<u>\$ (653)</u>

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2001

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Internal Service Fund
Cash flows from operating activities:	
Operating loss	\$ (87,604)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Change in assets and liabilities that increase (decrease) cash flow from operations	
Claims payable	(3,624)
Net cash used in operating activities	(91,228)
Net decrease in cash and cash equivalents	(91,228)
Cash and cash equivalents at beginning of year	476,542
Cash and cash equivalents at end of year	\$ 385,314

The accompanying notes are an integral part of these statements.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

1. Description of the Entity

The Portage Lakes Career Center (Career Center) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Portage Lakes Career Center is a vocational district as defined by Section 3311.18 of the Ohio Revised Code. The Career Center operates under an appointed Board of Education (9 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2000 was 674. The Career Center employed 65 certificated employees and 18 non-certificated employees.

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

The Career Center provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These Career Center operations form the oversight unit and will be included as part of the reporting entity.

The Career Center is associated with certain organizations which are defined as Jointly Governed Organizations. These organizations include the Northeast Ohio Network for Educational Technology, the Interval Opportunity School and the Ohio School Boards Association Workers' Compensation Group Rating Program. (See Notes D and H.)

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. 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, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the 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 - This 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 - These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**PORTAGE LAKES CAREER CENTER
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Fund Accounting - Continued

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

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Type:

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting and Other Governmental Entities that use Proprietary Fund Accounting," the Career Center has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

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:

Internal Service Fund - This fund accounts for the financing of services provided by one department or agency to another department or agency of the Career Center on a cost-reimbursement basis.

Fiduciary Fund Types:

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

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Fund Accounting - Continued

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 fund.

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

3. Measurement Focus And Basis Of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the Career Center is sixty days after year end. In applying the accrual

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Measurement Focus and Basis of Accounting - Continued

concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

The Career Center reports deferred revenues on its combined balance sheet. Deferred revenues arise in the governmental funds when potential revenue does not meet with the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes that are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue as more fully described in Note C.

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 fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable is recognized as revenue at year end.

4. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Budgetary Data - Continued

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 object level within each function. Any budgetary modification at this level may only be made by resolution of the Board of Education.

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 Summit County Budget Commission for rate determination.

Estimated Resources:

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the 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 year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2001.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Budgetary Data - Continued

Appropriations:

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual Appropriation Resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the Career Center. Appropriations 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 at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental fund appropriations were legally enacted, however, the amount of the increases were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the budget 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 year end are reported as a reservation of fund balances for subsequent year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Budgetary Data - Continued

Lapsing of Appropriations:

At the close of each 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 need not be reappropriated.

Budgetary Basis of Accounting:

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

1. Revenues are reported 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 for proprietary fund types (GAAP basis).

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Budgetary Data - Continued

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
Governmental Fund Types and Similar Trust Funds**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ 632,256	\$ 9,286	\$ (2,375)	\$ 224,429	\$ 5,765
Net Adjustment for Revenue Accruals	(80,311)	2,000	-0-	-0-	-0-
Net Adjustment for Expenditure Accruals	97,331	(28,241)	(56,935)	-0-	(500)
Other	353	28	-0-	-0-	-0-
Advances - In	45,657	40,180	-0-	-0-	-0-
Advances - Out	(40,196)	(43,996)	-0-	-0-	-0-
Budget Basis	<u>\$ 655,089</u>	<u>\$ (20,742)</u>	<u>\$ (59,310)</u>	<u>\$ 224,429</u>	<u>\$ 5,265</u>

**Net Income Revenue Over Expenses
Proprietary Fund Type**

	<u>Internal Service</u>
GAAP Basis	\$(87,604)
Net Adjustment for Revenue Accruals	-0-
Net Adjustment for Expense Accruals	(3,624)
Budget Basis	<u>\$(91,228)</u>

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Equity in Pooled Cash and Investments

The Career Center maintains a cash and investment pool used by all funds.

The amounts of this pooled investment are reflected on the Combined Balance Sheet as Equity in Pooled Cash and Cash Equivalents. For the 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 maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents.

Legal Requirements:

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's 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 that the Career Center has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Equity in Pooled Cash and Investments - Continued

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

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

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Equity in Pooled Cash and Investments - Continued

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

During fiscal year 2001, the Career Center's investments were limited to certificates of deposit and repurchase agreements. During the fiscal year, all investments of the Career Center had a maturity of two years or less.

Under existing Ohio statutes all investment earnings unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$256,848, which includes \$59,075 assigned from other career center funds.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits:

At year end, the carrying amount of the Career Center's cash deposits was \$4,570,019 and the bank balance was \$4,716,628. Of the bank's balance:

1. \$200,000 was covered by the federal depository insurance.
2. \$4,516,628 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the Career Center to a successful claim by the FDIC.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Equity in Pooled Cash and Investments - Continued

Investments:

The Career Center's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at 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 or unregistered investments which are held by the counterparty's trust department or agent in the Career Center's name. Category 3 includes uninsured or 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.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 0	\$ 0	\$525,000	<u>\$525,000</u>	<u>\$525,000</u>
Total Investments				<u>\$525,000</u>	<u>\$525,000</u>

Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Equity in Pooled Cash and Investments - Continued

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$ 5,095,019	\$ -0-
Investments:		
Repurchase Agreement	(525,000)	525,000
GASB Statement 3	\$ 4,570,019	\$ 525,000

6. Inventory

Inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis and is maintained on the Career Center's computer system. Inventory in governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory are 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.

7. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of date donated. The Career Center has established a capitalization threshold for fixed assets at \$500. The Career Center does not possess any infrastructure.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Fixed Assets - Continued

The cost 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, as applicable. Assets in the general fixed assets account group are not depreciated.

8. Intergovernmental Revenues

For governmental funds, intergovernmental revenue, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. The Career Center currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Career Development

Full Service Center

Teacher Development

Adult Education

Management Information Systems

Adult Basic Education

Special Needs

Title VI

Grants and entitlements totaled approximately 50% of the Career Center's operating revenue during the 2001 fiscal year.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items.

10. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables".

11. Restricted Assets

Restricted assets in the general fund represents cash and cash equivalents set aside to establish a budget reserve, textbooks and instructional items reserve and capital improvements reserve. This reserve is required by State statute and can only be used after receiving approval from the State Superintendent of Public Instruction.

12. 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 employee for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation as time earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on Career Center employees who are considered eligible or potentially eligible to retire.

For governmental funds, the current portion of unpaid compensated absences is the amount currently funded. 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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Long-Term Obligation

A long-term obligation is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year.

For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group.

14. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

15. Fund Balance Reserves

The Career Center records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Fund equity reserves are established for property taxes, budget stabilization, encumbrances, inventory, and prepaid items.

16. Estimates

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

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

17. Total Columns on General Purpose Financial Statements

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

18. Changes In Accounting Principles and Policies

For Fiscal year 2001, the Career Center has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues." At June 30, 2000, there was no effect on fund balance as a result of this implementation.

NOTE B - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - FUND DEFICITS

Fund balances at June 30, 2001 included the following individual fund deficits.

DEFICIT FUND BALANCES

Special Revenue Funds

Career Development	\$ 10,190
Special Needs Grant	\$ 29,660

The Special Revenue deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE C - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1999.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for tax (calendar) year 2000 was \$4.35 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.15 per \$1,000 of assessed valuation for real property classification as residential/agricultural and \$2.13 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Career Center by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax (calendar) year 2000 was \$4.35 per \$1,000 of assessed valuation.

The assessed values upon which the fiscal year 2001 taxes were collected are:

Real Property - 2000 Valuation	
Residential/Agricultural	\$ 850,648,670
Commercial/Industrial	197,964,640
Tangible Personal Property - 2001 Valuation	
General	115,872,563
Public Utilities	54,580,060
Total Valuation	<u><u>\$ 1,219,065,933</u></u>

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE C - PROPERTY TAX - Continued

The Summit County Treasurer collects property tax on behalf of all taxing districts within the County. The Summit County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance prior to year end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 and recognized as revenue was \$115,837.

NOTE D - RISK MANAGEMENT

1. Property Insurance

The Career Center maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

2. Self-Insurance

The Career Center has established a medical self-insurance fund which is accounted for in an internal service fund. The purpose of this fund is to pay medical and dental claims of the Career Center's employees and their covered dependents and minimize the total cost of medical insurance to the Career Center. For the plan year ended June 30, 2001, medical claims exceeding \$30,000 per covered individual, per year, or the greater of \$582,660, or 90% of the first monthly aggregate deductible for a policy year multiplied by 12, are covered through private insurance carriers. The self-insurance fund is funded by expenditures for health insurance out of the general fund.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE D - RISK MANAGEMENT – Continued

2. Self-Insurance - Continued

The claims liability of \$61,115 reported in the fund at June 30, 2001 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability amount in fiscal year 2001 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$ 64,739	\$ 835,451	\$ 839,075	\$ 61,115
2000	\$ 67,908	\$ 660,335	\$ 663,504	\$ 64,739

3. OSBA Group Rating Program

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 Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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 school districts is calculated as one experience and a common premium rate is applied to all school districts 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 school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE E - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
Land and Buildings	\$4,278,113	\$ 0	\$ 0	\$4,278,113
Furniture and Equipment	2,845,267	148,792	0	2,994,059
Vehicles	30,550	0	0	30,550
Total	<u>\$7,153,930</u>	<u>\$ 148,792</u>	<u>\$ 0</u>	<u>\$7,302,722</u>

NOTE F - LONG-TERM OBLIGATIONS

Long-term obligations of the Career Center as of June 30, 2001 were as follows:

	<u>Outstanding July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2001</u>
Energy Conservation Bonds, Series, 1993, 4.75	\$ 196,000	\$ 0	\$ 50,000	\$ 146,000
Capital Lease Obligation	75,678	0	49,703	25,975
Compensated Absences	<u>638,329</u>	<u>0</u>	<u>45,048</u>	<u>593,281</u>
Totals	<u>\$910,007</u>	<u>\$ 0</u>	<u>\$144,751</u>	<u>\$ 765,256</u>

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE F - LONG-TERM OBLIGATIONS - Continued

Principal and interest requirements to retire Energy Conservation Bonds outstanding at June 30, 2001 are as follows:

June 30, 2002	\$ 56,935
June 30, 2003	54,560
June 30, 2004	48,185
	<u>\$ 159,680</u>

NOTE G - RETIREMENT PLANS

The Career Center provides retirement benefits to all certified employees under the State Teachers' Retirement System and to all noncertified employees under the School Employees Retirement System, both cost-sharing, multiple-employer plans.

1. State Teachers' Retirement System (STRS)

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

For fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 6 percent (6% in 2000) was the proportion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Career Center's required contributions for pension obligation to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$450,813, \$434,620, and \$441,250, respectively; 89 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$66,795, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the general fund.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE G - RETIREMENT PLANS - Continued

2. School Employees Retirement System (SERS)

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

Plan members are required to contribute 9 percent of their annual covered salary and the Career Center is required to contribute 14 percent; 5.5 percent (7.7% in 2000) is the portion used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$89,218, \$91,236, and \$86,367, respectively; 100 percent has been contributed for fiscal years 2001, 2000 and 1999.

3. Post-Employment Benefits

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers' Retirement System (STRS), and to retired noncertified 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 the State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 2000, eligible

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE G - RETIREMENT PLANS - Continued

3. *Post-Employment Benefits - Continued*

benefit recipients totaled \$95,796. For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$249,929,000 (the latest information available).

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

For the fiscal year, employer contributions to fund health care benefits were 9 percent (8.5% in 2000) of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. The number of participants currently receiving health care benefits is 51,000. For the fiscal year ended June 30, 2000, net health care costs paid by SERS were \$111.9 million, the latest information available.

NOTE H - JOINTLY GOVERNED ORGANIZATIONS

1. Northeast Ohio Network for Educational Technology (NEONET)

NEONET is a jointly governed organization created as a regional council of governments made up of public school districts and county boards of education from Summit and Portage Counties. The primary function of NEONET is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEONET include pupil scheduling, registration, grade reporting and test scoring. Each member district pays an annual fee for the services provided by NEONET. The Career Center paid \$5,312 to NEONET in fiscal year 2001 for services. NEONET is governed by a Board of Directors comprised of each Superintendent within the organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE H - JOINTLY GOVERNED ORGANIZATIONS - Continued

1. Northeast Ohio Network for Educational Technology (NEONET) -
Continued

of NEONET is limited to its voting authority and any representation it may have on the Board of Directors. The continued existence of NEONET is not dependent on the Career Center's continued participation and no equity interest exists.

2. Interval Opportunity School

The Interval Opportunity School (the School) is a jointly governed organization made up of six area public school districts. The function of the School is to provide "at risk students" with possibly a last and a better opportunity to succeed in both their academic and social maturation. Each member district pays an annual fee based on the number of students serviced by the school. The Career Center paid \$15,000 to the School in fiscal year 2001 for services. The School is governed by a Board of Directors comprised of each Superintendent from Coventry, Green and the Career Center. The Coventry Local School District serves as the fiscal agent of the School. The continued existence of the School is not dependent on the Career Center's continued participation and no equity interest exists.

NOTE I - CAPITAL LEASE OBLIGATION

The Career Center has entered into a capital lease agreement to finance the acquisition of computer and telecommunications equipment. Title transfers at the end of the lease term. The total cost of the equipment capitalized was \$228,220.

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2001.

<u>Year</u>	
2002	\$ 26,756
Less: amount representing interest	(781)
Present value of future minimum lease payments	<u>\$ 25,975</u>

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE J – INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$39,366	\$ 0
Special Revenue Funds		
Pupil Support	0	1,781
Career Development	0	5,781
Full Service Center Grant	0	3,000
Vocational Education	0	28,788
Total Special Revenue Fund	0	39,350
Agency Funds		
Financial Aid	0	0
Student Activities	0	0
Total Agency Funds	0	0
Total All Funds	<u>\$39,366</u>	<u>\$39,366</u>

NOTE K – STATE SCHOOL FUNDING DECISION

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

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

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

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE K – STATE SCHOOL FUNDING DECISION – Continued

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 13, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and re-determine any issue upon such reconsideration.

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

NOTE L - CONTINGENCIES

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2001.

NOTE M - SET-ASIDES

The Career Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional material and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The Career Center is also required to set aside money for budget stabilization. (Previously received Bureau of Workers Compensation Refunds).

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE M - SET-ASIDES – Continued

Set-aside requirements for fiscal year 2001 are as follows:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 2000	\$ 69,283	\$ 20,631	\$ 132,016	\$221,903
Current Year Set-Aside Requirement	148,318	148,318	0	296,636
Qualifying Disbursements	<u>(106,210)</u>	<u>(197,127)</u>	<u>0</u>	<u>(303,338)</u>
Total	<u>\$ 111,391</u>	<u>\$ (28,178)</u>	<u>\$ 132,016</u>	
Set-Aside Cash Balance as of June 30, 2001	<u>\$ 111,391</u>	<u>\$ 0</u>	<u>\$ 132,016</u>	
Total Restricted Assets				<u>\$243,407</u>

Although the Career center and Qualifying Disbursements during the fiscal year that reduce the set-aside amount to below zero for the capital improvement set-aside, this amount may not be used to reduce the set-aside requirements of future years. The negative balance is therefore not presented as being carried forward to future years. The total balance sheet reserve balance for the three set-asides at the end of the fiscal year was \$243,407.

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PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	RECEIPTS	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION				
<i>(Direct)</i>				
Student Financial Aid Cluster:				
Federal Pell Grant Program	84.063		\$88,878	\$88,878
Federal Family Education Loan Program	84.032		351,706	353,240
Total Direct U.S. Department of Education			440,584	442,118
<i>(Pass-through Ohio Department of Education)</i>				
Vocational Education - Single Parent Comprehensive Grant	84.048	VESP-CG2000	1,500	0
Vocational Education - Basic Grants to States		VECPH-S2000	17,079	1,445
		VECPH-S2001	115,713	136,133
		VECPH-A2000	7,860	430
		VECPH-A2001	47,411	55,777
Total Vocational Education - Basic Grants to States			189,563	193,785
Eisenhower Professional Development Grant	84.281	MS-S1-99C	0	1,169
		MS-S1-00	1,249	1,249
		MS-S1-01	1,042	1,042
Total Eisenhower Professional Development Grant			2,291	3,460
Innovative Education Program Strategies	84.298	C2-S1-99C	0	291
		C2-S1-00	1,828	2,452
		C2-S1-01	391	2,172
			2,219	4,915
Total Pass-through Ohio Department of Education			194,073	202,160
<i>(Pass-through Ohio Bureau of Vocational Services)</i>				
Vocational Services Grant	84.126	N/A	2,490	2,490
Total Pass-through Ohio Bureau of Vocational Services			2,490	2,490
TOTAL U.S. DEPARTMENT OF EDUCATION			637,147	646,768
U.S. DEPARTMENT OF DEFENSE				
<i>(Direct)</i>				
Air Force R.O.T.C. Grant	12.XXX	N/A	56,762	50,496
U.S. DEPARTMENT OF LABOR				
<i>(Pass-through Summit County Department of Human Services)</i>				
Workforce Improvement Act	17.262	N/A	22,251	22,251
TOTALS			\$716,160	\$719,515

The accompanying notes are an integral part of this schedule.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

**NOTE TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CORRECTION OF AN ERROR

The Schedule of Receipts and Expenditures of Federal Awards replaces the original Schedule. This Schedule of Receipts and Expenditures of Federal Awards was revised to reflect the correct Student Financial Aid Cluster CFDA # and program title.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
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Canton, Ohio 44702
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Facsimile 330-471-0001
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Portage Lakes Career Center
Summit County
4401 Shriver Road
Green, Ohio 44232

To the Board of Education:

We have audited the general purpose financial statements of Portage Lakes Career Center (the Career Center) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 13, 2001. 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 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 Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal controls 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 December 13, 2001.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

December 13, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Green, Ohio 44232

To the Board of Education:

Compliance

We have audited the compliance of Portage Lakes Career Center (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 its major federal programs for the year ended June 30, 2001. The Career Center's major federal programs are 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 programs is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

The Schedule of Receipts and Expenditures of Federal Awards replaces the original Schedule. This Schedule of Receipts and Expenditures of Federal Awards was revised to reflect the correct Student Financial Aid Cluster CFDA # and program title. Also, the Schedule of Findings replaces the original Schedule in the Career Center's fiscal year ended June 30, 2001 report package. The Schedule of Findings was revised to reflect the Student Financial Aid Cluster (CFDA #84.032 and 84.063) as a major program, which was previously omitted from testing as a major federal program.

This report is intended for the information and use of the 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, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

December 13, 2001, except for the last two paragraphs, which are dated September 24, 2002

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

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 Student Financial Aid Cluster the Federal Family Education Loan Program CFDA #84.032 and the Federal Pell Grant CFDA #84.063
<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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PORTAGE LAKES CAREER CENTER

SUMMIT 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
OCTOBER 15, 2002**