

**COSHOCTON COUNTY CAREER CENTER**



**AUDITED GENERAL PURPOSE  
FINANCIAL STATEMENTS  
JUNE 30, 2000**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

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

We have reviewed the Independent Auditor's Report of the Coshocton County Career Center, Coshocton County, prepared by Rea & Associates, Inc., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

December 1, 2000

**COSHOCTON COUNTY CAREER CENTER  
COSHOCTON COUNTY**

**JUNE 30, 2000**

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# Rea & Associates, Inc.

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ACCOUNTANTS AND BUSINESS CONSULTANTS

November 14, 2000

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

## Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Coshocton County Career Center (the "Career Center") as of and for the year ended June 30, 2000, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we also have issued our report dated November 14, 2000 on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Rea & Associates, Inc.*

**COSHOCTON COUNTY CAREER CENTER**

*Combined Balance Sheet*

**All Fund Types and Account Groups**

As of June 30, 2000

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ (4,591)	\$ 79,319	\$ 49,337
Restricted Cash and Cash Equivalents	67,929	0	0
Cash and Cash Equivalents:			
With Fiscal Agent	0	0	0
Receivables:			
Taxes	1,205,215	0	0
Interfund	41,980	0	0
Intergovernmental	620	0	0
Prepaid Items	3,631	0	0
Inventory	10,216	0	0
Advances To Other Funds	36,660	0	0
Fixed Assets (Net)	0	0	0
<b><u>Other Debits</u></b>			
Amount to be Provided from General Government Resources	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$ 1,361,660</b>	<b>\$ 79,319</b>	<b>\$ 49,337</b>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 6,527	\$ 5,630	\$ 0
Accrued Wages and Benefits	211,705	10,289	0
Compensated Absences Payable	4,551	0	0
Interfund Payable	0	41,980	0
Intergovernmental Payable	47,743	5,041	0
Deferred Revenue	1,121,197	0	0
Undistributed Money	0	0	0
Due to Students	0	0	0
Claims Payable	0	0	0
Advances From Other Funds	0	36,660	0
<b>Total Liabilities</b>	<b>1,391,723</b>	<b>99,600</b>	<b>0</b>
<b><u>Fund Equity and Other Credits</u></b>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings: Unreserved	0	0	0
Fund Balance:			
Reserved for Encumbrances	16,127	7,046	2,898
Reserved for Inventory	10,216	0	0
Reserve for Budget Stabilization	20,499	0	0
Reserve for Capital & Maintenance	47,430	0	0
Reserved for Advances	36,660	0	0
Reserved for Tax Revenue Unavailable for Appropriation	84,018	0	0
Unreserved: Undesignated	(245,013)	(27,327)	46,439
<b>Total Fund Equity and Other Credits</b>	<b>(30,063)</b>	<b>(20,281)</b>	<b>49,337</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 1,361,660</b>	<b>\$ 79,319</b>	<b>\$ 49,337</b>

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

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 14,194	\$ 0	\$ 34,111	\$ 0	\$ 0	\$ 172,370
0	0	0	0	0	67,929
0	23,167	0	0	0	23,167
0	0	0	0	0	1,205,215
0	0	0	0	0	41,980
0	0	0	0	0	620
0	0	0	0	0	3,631
2,643	0	0	0	0	12,859
0	0	0	0	0	36,660
7,343	0	0	4,430,673	0	4,438,016
0	0	0	0	148,748	148,748
<u>\$ 24,180</u>	<u>\$ 23,167</u>	<u>\$ 34,111</u>	<u>\$ 4,430,673</u>	<u>\$ 148,748</u>	<u>\$ 6,151,195</u>
\$ 0	\$ 0	560	\$ 0	\$ 0	\$ 12,717
4,662	0	0	0	0	226,656
2,283	0	0	0	136,077	142,911
0	0	0	0	0	41,980
1,686	0	0	0	12,671	67,141
1,366	0	0	0	0	1,122,563
0	0	11,220	0	0	11,220
0	0	3,972	0	0	3,972
0	12,661	0	0	0	12,661
0	0	0	0	0	36,660
<u>9,997</u>	<u>12,661</u>	<u>15,752</u>	<u>0</u>	<u>148,748</u>	<u>1,678,481</u>
0	0	0	4,430,673	0	4,430,673
4,277	0	0	0	0	4,277
9,906	10,506	0	0	0	20,412
0	0	0	0	0	26,071
0	0	0	0	0	10,216
0	0	0	0	0	20,499
0	0	0	0	0	47,430
0	0	0	0	0	36,660
0	0	0	0	0	84,018
0	0	18,359	0	0	(207,542)
<u>14,183</u>	<u>10,506</u>	<u>18,359</u>	<u>4,430,673</u>	<u>0</u>	<u>4,472,714</u>
<u>\$ 24,180</u>	<u>\$ 23,167</u>	<u>\$ 34,111</u>	<u>\$ 4,430,673</u>	<u>\$ 148,748</u>	<u>\$ 6,151,195</u>

**COSHOCTON COUNTY CAREER CENTER**

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

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

For the Year Ended June 30, 2000

	Governmental Fund Types			Expendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects		
<b>Revenues</b>					
Taxes	\$ 1,141,380	\$ 0	\$ 0	\$ 0	\$ 1,141,380
Intergovernmental	1,134,199	216,941	0	0	1,351,140
Investment Income	20,958	0	0	0	20,958
Tuition and Fees	9,400	43,551	0	0	52,951
Extracurricular Activities	0	0	0	3,750	3,750
Miscellaneous	93,902	2,249	0	1,883	98,034
<b>Total Revenues</b>	<b>2,399,839</b>	<b>262,741</b>	<b>0</b>	<b>5,633</b>	<b>2,668,213</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	220,226	845	0	0	221,071
Special	0	3,451	0	0	3,451
Vocational	1,250,825	74,992	0	30	1,325,847
Adult/Continuing	0	208,322	0	0	208,322
Support Services:					
Pupils	113,178	51,489	0	894	165,561
Instructional Staff	141,936	2,201	0	0	144,137
Board of Education	22,500	0	0	0	22,500
Administration	184,190	(497)	0	2,230	185,923
Fiscal	133,882	7,877	0	0	141,759
Business	24,864	0	0	0	24,864
Operation and Maintenance of Plant	371,014	503	0	0	371,517
Pupil Transportation	2,075	0	0	0	2,075
Central	260	10,799	0	0	11,059
Extracurricular Activities	12,115	0	0	0	12,115
Capital Outlay	0	0	14,878	0	14,878
<b>Total Expenditures</b>	<b>2,477,065</b>	<b>359,982</b>	<b>14,878</b>	<b>3,154</b>	<b>2,855,079</b>
Excess of Revenues Over (Under) Expenditures	(77,226)	(97,241)	(14,878)	2,479	(186,866)
<b>Other Financing Sources/(Uses)</b>					
Operating Transfers In/(Out)	(459)	0	0	0	(459)
<b>Total Other Financing Uses</b>	<b>(459)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(459)</b>
Excess of Revenue Over (Under) Expenditures and Other Financing Uses	(77,685)	(97,241)	(14,878)	2,479	(187,325)
<b>Fund Balance at Beginning of Year</b>	<b>46,148</b>	<b>76,960</b>	<b>64,215</b>	<b>15,880</b>	<b>203,203</b>
Increase in Reserve for Inventory	1,474	0	0	0	1,474
<b>Fund Balance at End of Year</b>	<b>\$ (30,063)</b>	<b>\$ (20,281)</b>	<b>\$ 49,337</b>	<b>\$ 18,359</b>	<b>\$ 17,352</b>

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

**COSHOCTON COUNTY CAREER CENTER**

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

For the Year Ended June 30, 2000

	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Taxes	\$ 1,157,800	\$ 1,118,014	\$ (39,786)
Intergovernmental	1,144,365	1,135,562	(8,803)
Investment Income	21,000	20,958	(42)
Tuition and Fees	10,000	9,400	(600)
Miscellaneous	52,760	52,518	(242)
<b>Total Revenues</b>	<b>2,385,925</b>	<b>2,336,452</b>	<b>(49,473)</b>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	218,246	218,102	144
Special	0	0	0
Vocational	1,255,534	1,251,250	4,284
Adult Continuing	0	0	0
Support Services:			
Pupils	115,780	115,481	299
Instructional Staff	163,664	162,350	1,314
Board of Education	25,300	25,086	214
Administration	195,193	194,921	272
Fiscal	136,089	134,641	1,448
Business	25,680	24,620	1,060
Operation and Maintenance of Plant	373,235	369,536	3,699
Pupil Transportation	2,500	2,075	425
Central	400	260	140
Extracurricular Activities	12,531	11,589	942
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<b>2,524,152</b>	<b>2,509,911</b>	<b>14,241</b>
Excess of Revenues Over (Under) Expenditures	(138,227)	(173,459)	(35,232)
<b>Other Financing Sources (Uses)</b>			
Refund of Prior Year Expenditures	42,000	41,584	(416)
Refund of Prior Year Receipts	0	0	0
Advances In	5,000	5,000	0
Advances Out	(41,980)	(41,980)	0
Operating Transfers In	147,751	0	(147,751)
Operating Transfers Out	(459)	(459)	0
<b>Total Other Financing Sources (Uses)</b>	<b>152,312</b>	<b>4,145</b>	<b>(148,167)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	14,085	(169,314)	(183,399)
Fund Balance at Beginning of Year	133,908	133,908	0
Prior Year Encumbrances Appropriated	76,089	76,089	0
<b>Fund Balance at End of Year</b>	<b>\$ 224,082</b>	<b>\$ 40,683</b>	<b>\$ (183,399)</b>

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



Special Revenue Funds			Capital Project Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
296,523	216,941	(79,582)	0	0	0
0	0	0	0	0	0
50,300	43,551	(6,749)	0	0	0
3,000	500	(2,500)	0	0	0
<u>349,823</u>	<u>260,992</u>	<u>(88,831)</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,977	892	1,085	0	0	0
26,775	3,220	23,555	0	0	0
91,000	75,686	15,314	0	0	0
192,323	172,006	20,317	0	0	0
60,601	51,627	8,974	0	0	0
9,825	1,000	8,825	0	0	0
0	0	0	0	0	0
3,553	734	2,819	0	0	0
9,399	7,874	1,525	0	0	0
0	0	0	0	0	0
1,000	500	500	0	0	0
0	0	0	0	0	0
22,934	10,828	12,106	0	0	0
0	0	0	0	0	0
0	0	0	27,542	19,306	8,236
<u>419,387</u>	<u>324,367</u>	<u>95,020</u>	<u>27,542</u>	<u>19,306</u>	<u>8,236</u>
(69,564)	(63,375)	6,189	(27,542)	(19,306)	8,236
1,750	1,749	(1)	0	0	0
(41,316)	(41,316)	0	0	0	0
41,980	41,980	0	0	0	0
(5,000)	(5,000)	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>(2,586)</u>	<u>(2,587)</u>	<u>(1)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(72,150)	(65,962)	6,188	(27,542)	(19,306)	8,236
122,861	122,861	0	62,203	62,203	0
9,743	9,743	0	3,542	3,542	0
<u>\$ 60,454</u>	<u>\$ 66,642</u>	<u>\$ 6,188</u>	<u>\$ 38,203</u>	<u>\$ 46,439</u>	<u>\$ 8,236</u>

**COSHOCTON COUNTY CAREER CENTER**

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

For the Year Ended June 30, 2000

	<b>Totals (Memorandum Only)</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Taxes	\$ 1,157,800	\$ 1,118,014	\$ (39,786)
Intergovernmental	1,440,888	1,352,503	(88,385)
Investment Income	21,000	20,958	(42)
Tuition and Fees	60,300	52,951	(7,349)
Miscellaneous	55,760	53,018	(2,742)
<b>Total Revenues</b>	<b>2,735,748</b>	<b>2,597,444</b>	<b>(138,304)</b>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	220,223	218,994	1,229
Special	26,775	3,220	23,555
Vocational	1,346,534	1,326,936	19,598
Adult Continuing	192,323	172,006	20,317
Support Services:			
Pupils	176,381	167,108	9,273
Instructional Staff	173,489	163,350	10,139
Board of Education	25,300	25,086	214
Administration	198,746	195,655	3,091
Fiscal	145,488	142,515	2,973
Business	25,680	24,620	1,060
Operation and Maintenance of Plant	374,235	370,036	4,199
Pupil Transportation	2,500	2,075	425
Central	23,334	11,088	12,246
Extracurricular Activities	12,531	11,589	942
Capital Outlay	27,542	19,306	8,236
<b>Total Expenditures</b>	<b>2,971,081</b>	<b>2,853,584</b>	<b>117,497</b>
Excess of Revenues Over (Under) Expenditures	(235,333)	(256,140)	(20,807)
<b>Other Financing Sources (Uses)</b>			
Refund of Prior Year Expenditures	43,750	43,333	(417)
Refund of Prior Year Receipts	(41,316)	(41,316)	0
Advances In	46,980	46,980	0
Advances Out	(46,980)	(46,980)	0
Operating Transfers In	147,751	0	(147,751)
Operating Transfers Out	(459)	(459)	0
<b>Total Other Financing Sources (Uses)</b>	<b>149,726</b>	<b>1,558</b>	<b>(148,168)</b>
Excess of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	(85,607)	(254,582)	(168,975)
Fund Balance at Beginning of Year	318,972	318,972	0
Prior Year Encumbrances Appropriated	89,374	89,374	0
<b>Fund Balance at End of Year</b>	<b>\$ 322,739</b>	<b>\$ 153,764</b>	<b>\$ (168,975)</b>

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

**COSHOCTON COUNTY CAREER CENTER**

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

For the Year Ended June 30, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<b><u>Operating Revenues</u></b>			
Charges for Services	\$ 66,926	\$ 229,395	\$ 296,321
<b>Total Operating Revenues</b>	<u>66,926</u>	<u>229,395</u>	<u>296,321</u>
<b><u>Operating Expenses</u></b>			
Salaries	27,362	0	27,362
Fringe Benefits	11,205	25,533	36,738
Purchased Services	574	733	1,307
Materials and Supplies	60,426	0	60,426
Depreciation	636	0	636
Claims	0	267,681	267,681
<b>Total Operating Expenses</b>	<u>100,203</u>	<u>293,947</u>	<u>394,150</u>
Operating Loss	<u>(33,277)</u>	<u>(64,552)</u>	<u>(97,829)</u>
<b><u>Non-Operating Revenues</u></b>			
Grants	21,845	0	21,845
Federal Donated Commodities	8,896	0	8,896
Interest	0	3,963	3,963
<b>Total Non-Operating Revenues</b>	<u>30,741</u>	<u>3,963</u>	<u>34,704</u>
Net Loss	(2,536)	(60,589)	(63,125)
Retained Earnings at Beginning of Year	<u>12,442</u>	<u>71,095</u>	<u>83,537</u>
<b>Retained Earnings at End of Year</b>	<u>9,906</u>	<u>10,506</u>	<u>20,412</u>
Contributed Capital Beginning of Year	<u>4,277</u>	<u>0</u>	<u>4,277</u>
<b>Contributed Capital End of Year</b>	<u>4,277</u>	<u>0</u>	<u>4,277</u>
<b>Fund Equity at End of Year</b>	<u>\$ 14,183</u>	<u>\$ 10,506</u>	<u>\$ 24,689</u>

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

**COSHOCTON COUNTY CAREER CENTER**

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

For the Year Ended June 30, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>			
<b><u>Cash Flows From Operating Activities</u></b>			
Cash Received from Customers	\$ 66,926	\$ 0	\$ 66,926
Cash Received from Quasi-External Transactions with Other Funds	0	229,395	229,395
Cash Paid for Goods and Services	(53,299)	(26,266)	(79,565)
Cash Paid to Employees	(37,255)	0	(37,255)
Cash Paid for Claims	0	(294,186)	(294,186)
<b>Net Cash Used For Operating Activities</b>	<u>(23,628)</u>	<u>(91,057)</u>	<u>(114,685)</u>
<b><u>Cash Flows From Non-Capital Financing Activities</u></b>			
Grants	21,845	0	21,845
<b><u>Cash Flows From Investing Activities</u></b>			
Interest Income	0	3,963	3,963
<b>Net Cash Provided by Investing Activities</b>	<u>0</u>	<u>3,963</u>	<u>3,963</u>
Net Decrease in Cash and Cash Equivalents	(1,783)	(87,094)	(88,877)
Cash and Cash Equivalents at Beginning of Year	15,977	110,261	126,238
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 14,194</u>	<u>\$ 23,167</u>	<u>\$ 37,361</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u></b>			
Operating Loss	\$ (33,277)	\$ (64,552)	\$ (97,829)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:</b>			
Depreciation	636	0	636
Non-cash Donated Commodities	8,896	0	8,896
Decrease in Inventory	1,744	0	1,744
(Decrease) in Accounts Payable	(650)	0	(650)
Increase in Accrued Wages and Benefits	156	0	156
Increase in Compensated Absences Payable	924	0	924
Increase in Intergovernmental Payable	232	0	232
(Decrease) in Claims Payable	0	(26,505)	(26,505)
(Decrease) in Deferred Revenue	(2,289)	0	(2,289)
<b>Total Adjustments</b>	<u>9,649</u>	<u>(26,505)</u>	<u>(16,856)</u>
<b>Net Cash Provided by (Used For) Operating Activities</b>	<u>\$ (23,628)</u>	<u>\$ (91,057)</u>	<u>\$ (114,685)</u>

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

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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

The Coshocton County Career Center (Career Center) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Career Center is a school district as defined by Section 3311.18 of the Ohio Revised Code. The Career Center operates under a Board of Education, consisting of five members appointed by participating school districts. Average daily membership on October 1, 1999, was 238. The Career Center employs 27 certificated and 16 non-certificated employees.

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

The Career Center is involved with Ohio Mid-Eastern Regional Educational Services Association (OME-RESA), which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 16.

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**Governmental Fund Types**

Governmental fund types are used to account for the Career Center's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days. Generally, property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

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

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

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

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

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Proprietary Fund Type**

The proprietary fund type is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the Career Center has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary funds include the following fund type:

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

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

**Fiduciary Fund Types**

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

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

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

**Account Groups**

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

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

C. Cash, Cash Equivalents, and Investments

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

During fiscal year 2000, investments were limited to STAROhio. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$20,958, which includes \$14,839 assigned from other District funds.

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



**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Career Center has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. 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, 2000.

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook/instruction materials reserve, and capital maintenance reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. The capital maintenance reserve and textbook/instruction materials reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 2000, the District set aside the amounts required by state statute. Fund balance reserves have also been established.

E. Receivables

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

F. Estimates

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

G. Interfund Assets/Liabilities

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

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Fixed Assets and Depreciation

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

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

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

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

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The Career Center records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, advances to other funds, and HB412 reserves such as textbooks and instructional materials, capital improvements, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

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

P. Intergovernmental Revenues

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

COSHOCTON COUNTY CAREER CENTER

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Entitlements

*General Fund:*

State Foundation Program  
State Property Tax Relief

Non-Reimbursable Grants

*Special Revenue Funds:*

Vocational Education  
Education Management Information Systems  
Eisenhower Grant  
Entry Year Programs  
Ohio School to Work  
Career Development  
Title VI  
Conflict Management Resource Grant  
Peer Mentoring Grant  
Professional Development Block Grant  
Adult Basic Literary Education

Reimbursable Grants

*Special Revenue Funds:*

Telecomm (E-Rate)

*Enterprise Funds:*

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 45% of the Career Center's operating revenue during the 2000 fiscal year.

Q. Total Columns on General Purpose Financial Statements

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

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 3: BUDGETARY PROCESS

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Career Center by March 1. As part of the certification, the Career Center receives the official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

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

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

Lapsing of Appropriations

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

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

NOTE 3: BUDGETARY PROCESS (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
Budgetary Basis	\$ (169,314)	\$ (65,962)	\$ (19,306)
Encumbrances	22,654	12,676	2,898
Revenue accruals	16,803	(41,980)	0
Expenditure accruals	<u>52,172</u>	<u>(1,975)</u>	<u>1,530</u>
GAAP Basis	<u>\$ (77,685)</u>	<u>\$ (97,241)</u>	<u>\$ (14,878)</u>

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 4: ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 2000, the following funds had a deficit fund balance: General Fund - \$30,063; Special Revenue Fund Type - \$20,281, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

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

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

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

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and any other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6) The State Treasurer's Investment Pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Career Center or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits and Cash

The Career Center had \$320 of petty cash at June 30, 2000.

At year-end, the carrying amount of the Career Center's deposits was \$181,289, and the bank balance was \$202,266.

1. \$100,000 was covered by federal depository insurance.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

2. \$102,266 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money has been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The Career Center participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. As of June 30, 2000, the Career Center's Employee Benefit Self-Insurance Fund had a balance \$23,167, shown on the balance sheet. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Investments

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

	<u>Carrying Value</u>	<u>Fair Value</u>
STAROhio	\$ <u>58,690</u>	\$ <u>58,690</u>

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 263,466	\$ 0
Funds held by fiscal agent	(23,167)	0
Cash on hand	(320)	0
STAROhio	<u>(58,690)</u>	<u>58,690</u>
GASB Statement No. 3	\$ <u>181,289</u>	\$ <u>58,690</u>

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

NOTE 6: FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

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

	<u>Balance</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2000</u>
Land	\$ 28,429	\$ 0	\$ 0	\$ 28,429
Buildings and improvements	3,073,258	3,979	0	3,077,237
Furniture and equipment	<u>1,283,084</u>	<u>41,923</u>	<u>0</u>	<u>1,325,007</u>
Totals	<u>\$ 4,384,771</u>	<u>\$ 45,902</u>	<u>\$ 0</u>	<u>\$ 4,430,673</u>

B. Proprietary Fund Type Fixed Assets

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

<u>Enterprise</u>	<u>June 30, 2000</u>
Equipment	\$ 81,251
Less: Accumulated Depreciation	<u>(73,908)</u>
Net Fixed Assets	<u>\$ 7,343</u>

NOTE 7: LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during the fiscal year 2000 were as follows:

	<u>Principal</u> <u>Outstanding</u> <u>June 30, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal</u> <u>Outstanding</u> <u>June 30, 2000</u>
Intergovernmental payable	\$ 12,941	\$ 12,671	\$ (12,941)	\$ 12,671
Compensated absences	<u>111,866</u>	<u>24,211</u>	<u>0</u>	<u>136,077</u>
Total General Long-term Obligations	<u>\$ 124,807</u>	<u>\$ 36,882</u>	<u>\$ (12,941)</u>	<u>\$ 148,748</u>

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

NOTE 8: PROPERTY TAXES

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

Real property taxes are based on assessed value equal to 35% of appraisal value. The Coshocton County Auditor reappraises real property every six years with a triennial update. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, real property taxes are billed semi-annually one year in arrears. The tax rate applied to real property collected in 1999 before certain homestead and rollback reductions, which reductions are reimbursed to the Career Center by the State of Ohio, amounted to \$2.00 per \$1,000 of valuation. The effective tax rate applied after adjustment for inflationary increases in property values was \$2.00 per \$1,000 of assessed valuation for residential and agricultural real property, and \$2.00 per \$1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 1999 was \$2.00 per \$1,000 of valuation.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the Career Center as an advance at June 30, 2000, was \$84,018.

Property Tax Valuations

	<u>Coshocton</u>	<u>Guernsey</u>	<u>Licking</u>	<u>Tuscarawas</u>	<u>Muskingum</u>
Real Property – 1999:					
Residential/					
Agricultural	\$263,334,850	\$1,151,030	\$6,692,490	\$1,138,890	\$ 8,420
Commercial/					
Industrial	81,444,430	301,720	110,730	12,160	0
Public Utilities	398,760	0	0	0	0
Minerals		3,148,960	33,230	104,340	0
Tangible Personal					
Property – 2000:					
General	77,819,556	14,950	212,150	8,110	2,800
Public Utilities	<u>196,022,340</u>	<u>458,210</u>	<u>737,450</u>	<u>207,300</u>	<u>7,930</u>
Total Valuation	<u>\$622,168,896</u>	<u>\$1,959,140</u>	<u>\$7,857,160</u>	<u>\$1,366,460</u>	<u>\$ 19,150</u>

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**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**NOTE 9: STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000 the reserve activity (GAAP basis) was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside cash balance as of				
June 30, 1999	\$ 0	\$ 29,527	\$ 14,171	\$ 43,698
Current year set-aside requirement	61,497	61,497	6,328	129,322
Current year offsets	0	0	0	0
Qualifying disbursements	<u>(134,496)</u>	<u>(43,594)</u>	<u>0</u>	<u>(178,090)</u>
 Total	 <u>\$ (72,999)</u>	 <u>\$ 47,430</u>	 <u>\$ 20,499</u>	 <u>\$ (5,070)</u>
 Cash balance carried forward to FY 2000	 <u>\$ 0</u>	 <u>\$ 47,430</u>	 <u>\$ 20,499</u>	
 Amount restricted for capital maintenance				\$ 47,430
Amount restricted for budget stabilization				<u>20,499</u>
 Total restricted assets				 <u>\$ 67,929</u>

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

The current year set-aside requirement for the budget stabilization was \$20,499 less prior year's workers' compensation set-aside amounting to \$14,171, leaving a balance of \$6,328.

**NOTE 10: DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System (SERS)**

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

**NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)**

## COSHOCTON COUNTY CAREER CENTER

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2000

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Plan members are required to contribute 9% of their annual covered salary and the Career Center is required to contribute 14% with 7.7% being the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$52,760, \$47,306 and \$44,480, respectively. 87% has been contributed for fiscal year 2000 and 100% for the fiscal years 1999 and 1998. \$6,488, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

#### B. State Teachers Retirement System (STRS)

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

Plan members are required to contribute 9.3% of their annual covered salary and the Career Center is required to contribute 14% with 12% being the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The Career Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$191,748, \$190,655 and \$175,716, respectively; 89% has been contributed for fiscal year 2000 and 100% for the fiscal years 1999 and 1998. \$21,285, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

#### 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, 2000, one member of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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**NOTE 11: POSTEMPLOYMENT BENEFITS**

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

For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 2.0% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the Career Center, this amount equaled \$27,393 during the 2000 fiscal year. For the fiscal year ended June 30, 1999, the most current information available, the net health care costs paid by STRS were \$249,929,000 statewide.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2000, the minimum pay was established at \$12,400. For the Career Center the amount to fund healthcare benefits, including surcharge, equaled \$26,453 during the 2000 fiscal year. The number of participants currently receiving health care benefits statewide is 51,000. For the fiscal year ended June 30, 1999, the most current information available, net health care costs by School Employees Retirement System were \$126,380,984 statewide.

**NOTE 12: NON-CASH TRANSACTIONS**

The Career Center receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$8,896.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

NOTE 13: INTERFUND ACTIVITY

A) Interfund Transactions

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Interfund</u>	<u>Advances To</u>	<u>Interfund</u>	<u>Advances From</u>
General Fund	\$ 41,980	\$ 36,660	\$ 0	\$ 0
Special Revenue Fund:				
Adult Basic Education	0	0	16,083	36,660
Adult Education	0	0	25,897	0
	<u>\$ 41,980</u>	<u>\$ 36,660</u>	<u>\$ 41,980</u>	<u>\$ 36,660</u>

B) Reconciliation of Interfund Transfers

	<u>Transfers-In</u>	<u>Transfers-Out</u>
<u>Governmental Fund Types and Expendable Trust Funds</u>		
General	\$ 0	\$ (459)
<u>Proprietary and Similar Fiduciary Fund Types</u>		
Agency	459	0
Total	<u>\$ 459</u>	<u>\$ (459)</u>



**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

NOTE 14: SEGMENT INFORMATION – ENTERPRISE FUNDS

The Career Center maintains enterprise funds to account for the operation of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Career Center as of and for the fiscal year ended June 30, 2000.

	<u>Food Services</u>	<u>Uniform Supplies</u>	<u>Total Enterprise</u>
Operating revenues	\$ 57,771	\$ 9,155	\$ 66,926
Operating Expenses:			
Salaries and wages	27,362	0	27,362
Fringe benefits	11,205	0	11,205
Purchased services	574	0	574
Materials and supplies	50,288	10,138	60,426
Depreciation	<u>636</u>	<u>0</u>	<u>636</u>
 Total operating expenses	 <u>90,065</u>	 <u>10,138</u>	 <u>100,203</u>
 Operating loss	 (32,294)	 (983)	 (33,277)
Non-operating revenues	<u>30,741</u>	<u>0</u>	<u>30,741</u>
 Net loss	 <u><u>\$(1,553)</u></u>	 <u><u>\$(983)</u></u>	 <u><u>\$(2,536)</u></u>
Other information:			
Net working capital	\$ 4,699	\$ 4,424	\$ 9,123
Fixed assets, net	7,343	0	7,343
Total assets	19,756	4,424	24,180
Total equity	9,759	4,424	14,183
Encumbrances outstanding at June 30, 2000	928	0	928

NOTE 15: RISK MANAGEMENT

A. General Insurance

The Career Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$250 per incident on property and equipment. The Career Center's comprehensive property and casualty policy aggregate limit is approximately \$6,040,100. The Career Center's vehicle insurance policy limit is \$2,000,000 with a \$500 collision deductible. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the Career Center carries a \$5,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 in aggregate.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

NOTE 15: RISK MANAGEMENT (Continued)

B. Fidelity Bond

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

C. Workers' Compensation

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

D. Employee Health Insurance

The Career Center is self-insured for its medical, visions and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. The liability for unpaid claims cost of \$12,661 is reported in the fund at June 30, 2000 in accordance with Government Accounting Standards Board Statement No. 10.

Changes in the fund's claim liability for 1998, 1999 and 2000 are listed below.

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
1998	\$ <u>27,289</u>	\$ <u>251,040</u>	\$ <u>238,857</u>	\$ <u>39,472</u>
1999	\$ <u>39,472</u>	\$ <u>280,361</u>	\$ <u>280,667</u>	\$ <u>39,166</u>
2000	\$ <u>39,166</u>	\$ <u>271,301</u>	\$ <u>297,806</u>	\$ <u>12,661</u>

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 16: JOINTLY GOVERNED ORGANIZATIONS

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

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

NOTE 17: CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the Career Center at June 30, 2000.

B. Litigation

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

NOTE 18: STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio School Funding Plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$1,127,980 of school foundation support for its General Fund.

**COSHOCTON COUNTY CAREER CENTER**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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NOTE 18: STATE SCHOOL FUNDING DECISION (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “. . . the mandate of the Ohio constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997 decision, however, it found seven “. . . major areas warrant further attention, study, and development by the General Assembly. . .”, including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future state funding under this program and on its financial operations.

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 14, 2000

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

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

We have audited the financial statements of Coshocton County Career Center (the "Career Center") as of and for the year ended June 30, 2000, and have issued our report thereon dated November 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Career Center in a separate letter dated November 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Career Center in a separate letter dated November 14, 2000.

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

*Rea & Associates, Inc.*



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**COSHOCTON COUNTY CAREER CENTER**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 12, 2000**