

Eastland-Fairfield Career & Technical Schools
Franklin County

Single Audit

July 1 , 2001 Through June 30, 2002

Fiscal Year Audited Under GAGAS: 2002

BALESTRA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Piketon, Ohio 45661

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of the Board
Eastland-Fairfield Career & Technical Schools
4300 Amalgamated Place
P.O. Box 419
Groveport, Ohio 43125-0419

We have reviewed the Independent Auditor's Report of the Eastland-Fairfield Career & Technical Schools, Franklin County, prepared by Balestra & Company, for the audit period July 1, 2001 through June 30, 2002. 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 Eastland-Fairfield Career & Technical Schools is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

November 4, 2002

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EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY

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Member American Institute of Certified Public Accountants

Member Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of the Board
Eastland-Fairfield Career & Technical Schools
4300 Amalgamated Place, P.O. Box 419
Groveport, Ohio 43125-0419

We have audited the accompanying general-purpose financial statements of the Eastland-Fairfield Career & Technical Schools, Franklin County, as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Eastland-Fairfield Career & Technical Schools' 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 the 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 Eastland-Fairfield Career & Technical Schools as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types 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 August 30, 2002 on our consideration of the Eastland-Fairfield Career & Technical Schools internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Balestra & Company

Balestra & Company

August 30, 2002

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General-Purpose Financial Statements

The general-purpose financial statements of the District include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of the proprietary fund type.

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	GOVERNMENTAL FUND TYPES		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$10,538,702	\$220,807	\$17,402
Investments	4,991,341	0	0
Receivables:			
Taxes	10,446,646	0	0
Accounts	19,171	68	0
Intergovernmental	0	196,016	0
Interfund	769,238	0	0
Prepaid Items	15,023	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	75,164	0	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agents	142,811	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	<u>\$26,998,096</u>	<u>\$416,891</u>	<u>\$17,402</u>

See accompanying notes to the general purpose financial statements.

<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$1,479,691	\$140,644	\$61,930	\$0	\$0	\$12,459,176
0	0	0	0	0	4,991,341
0	0	0	0	0	10,446,646
381,115	0	3,316	0	0	403,670
0	0	0	0	0	196,016
0	0	0	0	0	769,238
5,000	0	0	0	0	20,023
6,715	0	0	0	0	6,715
27,164	0	0	0	0	102,328
0	0	0	0	0	142,811
162,816	0	0	20,421,883	0	20,584,699
0	0	0	0	2,050,498	2,050,498
<u>\$2,062,501</u>	<u>\$140,644</u>	<u>\$65,246</u>	<u>\$20,421,883</u>	<u>\$2,050,498</u>	<u>\$52,173,161</u>

(continued)

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	GOVERNMENTAL FUND TYPES		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>
<i>Liabilities,</i>			
<i>Fund Equity and Other Credits:</i>			
<i>Liabilities:</i>			
Accounts Payable	\$512,001	\$29,971	\$0
Contracts Payable	480,172	0	0
Accrued Wages and Benefits	726,606	7,698	0
Compensated Absences Payable	57,754	953	0
Interfund Payable	0	319,970	0
Intergovernmental Payable	177,502	23,400	0
Retainage Payable	142,811	0	0
Deferred Revenue	9,316,836	7,844	0
Undistributed Assets	0	0	0
Loans Payable	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
Energy Conservation Note Payable	0	0	0
Total Liabilities	<u>11,413,682</u>	<u>389,836</u>	<u>0</u>
<i>Fund Equity and Other Credits:</i>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	2,201,484	149,832	0
Reserved for Inventory	75,164	0	0
Reserved for Property Taxes	1,129,810	0	0
Unreserved:			
Undesignated (Deficit)	12,177,956	(122,777)	17,402
Total Fund Equity and Other Credits	<u>15,584,414</u>	<u>27,055</u>	<u>17,402</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$26,998,096</u>	<u>\$416,891</u>	<u>\$17,402</u>

See accompanying notes to the general purpose financial statements.

<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$30,314	\$0	\$1,549	\$0	\$0	\$573,835
0	0	0	0	0	480,172
30,387	0	0	0	0	764,691
61,908	0	0	0	852,845	973,460
43,000	406,268	0	0	0	769,238
90,071	0	0	0	105,846	396,819
0	0	0	0	0	142,811
3,286	0	0	0	0	9,327,966
0	0	63,697	0	0	63,697
0	0	0	0	641,299	641,299
0	199,289	0	0	0	199,289
0	0	0	0	90,508	90,508
0	0	0	0	360,000	360,000
-----	-----	-----	-----	-----	-----
258,966	605,557	65,246	0	2,050,498	14,783,785
-----	-----	-----	-----	-----	-----
0	0	0	20,421,883	0	20,421,883
306,237	0	0	0	0	306,237
1,497,298	(464,913)	0	0	0	1,032,385
0	0	0	0	0	2,351,316
0	0	0	0	0	75,164
	0	0	0	0	1,129,810
0	0	0	0	0	12,072,581
-----	-----	-----	-----	-----	-----
1,803,535	(464,913)	0	20,421,883	0	37,389,376
-----	-----	-----	-----	-----	-----
=====	=====	=====	=====	=====	=====
\$2,062,501	\$140,644	\$65,246	\$20,421,883	\$2,050,498	\$52,173,161

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EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	
<u>Revenues:</u>					
Property Taxes	\$9,944,218	\$0	\$0	\$0	\$9,944,218
Intergovernmental	4,462,599	1,022,501	0	17,400	5,502,500
Interest	411,815	0	0	0	411,815
Tuition and Fees	286,506	0	0	0	286,506
Rent	12,277	0	0	0	12,277
Miscellaneous	71,313	68	0	0	71,381
<i>Total Revenues</i>	15,188,728	1,022,569	0	17,400	16,228,697
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	1,892,392	3,241	0	0	1,895,633
Special	337,416	35,372	0	0	372,788
Vocational	4,604,281	428,411	0	14,672	5,047,364
Adult/Continuing	0	162,368	0	0	162,368
Support Services:					
Pupils	371,910	259,053	0	0	630,963
Instructional Staff	123,791	42,775	0	0	166,566
Board of Education	17,929	0	0	0	17,929
Administration	1,745,551	10,831	0	0	1,756,382
Fiscal	547,491	7,454	0	0	554,945
Operation and Maintenance of Plant	1,231,227	2,774	0	0	1,234,001
Central	88,882	124,473	0	0	213,355
Operation of Non-Instructional					
Services	0	2,579	0	0	2,579
Extracurricular Activities	12,803	0	0	0	12,803
Capital Outlay	3,984,534	0	0	0	3,984,534
Debt Service:					
Principal Retirement	170,128	0	120,000	0	290,128
Interest and Fiscal Charges	554	0	29,250	0	29,804
<i>Total Expenditures</i>	15,128,889	1,079,331	149,250	14,672	16,372,142
Excess of Revenues Over (Under) Expenditures	59,839	(56,762)	(149,250)	2,728	(143,445)
<u>Other Financing Sources (Uses):</u>					
Inception of Capital Lease	88,559	0	0	0	88,559
Proceeds from Sale of Fixed Assets	8,387	0	0	0	8,387
Operating Transfers - In	0	309	149,250	0	149,559
Operating Transfers - Out	(340,138)	0	0	0	(340,138)
<i>Total Other Financing Sources (Uses)</i>	(243,192)	309	149,250	0	(93,633)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(183,353)	(56,453)	0	2,728	(237,078)
Fund Balances at Beginning of Year as Restated in Note 3	15,795,127	83,508	0	14,674	15,893,309
Decrease in Reserve for Inventory	(27,360)	0	0	0	(27,360)
Fund Balances at End of Year	\$15,584,414	\$27,055	\$0	\$17,402	\$15,628,871

See accompanying notes to the general purpose financial statements.

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$9,813,367	\$9,845,560	\$32,193	\$0	\$0	\$0
Intergovernmental	4,646,866	4,462,599	(184,267)	1,252,216	844,886	(407,330)
Interest	430,000	409,663	(20,337)	0	0	0
Tuition and Fees	261,739	287,003	25,264	0	0	0
Rent	16,000	12,277	(3,723)	0	0	0
Miscellaneous	9,000	4,904	(4,096)	0	0	0
Total Revenues	15,176,972	15,022,006	(154,966)	1,252,216	844,886	(407,330)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	2,073,346	1,876,863	196,483	13,241	13,241	0
Special	356,336	337,279	19,057	72,778	72,778	0
Vocational	5,309,959	4,988,116	321,843	477,977	477,278	699
Adult/Continuing	0	0	0	188,626	188,626	0
Support Services:						
Pupils	537,581	380,302	157,279	272,202	271,902	300
Instructional Staff	131,230	122,910	8,320	46,418	46,418	0
Board of Education	24,000	17,963	6,037	0	0	0
Administration	2,115,932	1,841,293	274,639	13,382	13,382	0
Fiscal	847,120	552,951	294,169	8,808	8,809	(1)
Operation and Maintenance of Plant	1,470,733	1,346,481	124,252	3,393	3,393	0
Pupil Transportation	0	0	0	137,389	122,050	15,339
Central	121,529	93,026	28,503	0	0	0
Operation of Non-Instructional Services	0	0	0	5,497	2,639	2,858
Extracurricular Activities	13,800	13,801	(1)	0	0	0
Capital Outlay	5,323,460	4,941,191	382,269	0	0	0
Debt Service:						
Principal Retirement	165,854	165,854	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	18,490,880	16,678,030	1,812,850	1,239,711	1,220,516	19,195
Excess of Revenues Over (Under) Expenditures	(3,313,908)	(1,656,024)	1,657,884	12,505	(375,630)	(388,135)
<u>Other Financing Sources (Uses):</u>						
Sale & Loss of Assets	9,000	8,387	(613)	0	0	0
Refund of Prior Year Expenses	65,000	63,692	(1,308)	0	0	0
Advances - In	0	304,443	304,443	0	319,970	319,970
Advances - Out	(42,550)	(769,238)	(726,688)	0	(66,175)	(66,175)
Operating Transfers - In	0	0	0	0	309	309
Operating Transfers - Out	(389,829)	(340,138)	49,691	0	0	0
Total Other Financing Sources (Uses)	(358,379)	(732,854)	(374,475)	0	254,104	254,104
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,672,287)	(2,388,878)	1,283,409	12,505	(121,526)	(134,031)
Fund Balances at Beginning of Year	15,302,075	15,302,075	0	162,529	162,529	0
Fund Balances at End of Year	\$11,629,788	\$12,913,197	\$1,283,409	\$175,034	\$41,003	(\$134,031)

See accompanying notes to the general purpose financial statements.

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Tuition	\$3,039,823	\$0	\$3,039,823
Sales	289,247	0	289,247
Charges for Services	24,085	700,012	724,097
Other Operating Revenues	9,788	0	9,788
	-----	-----	-----
<i>Total Operating Revenues</i>	3,362,943	700,012	4,062,955
	-----	-----	-----
<u>Operating Expenses:</u>			
Salaries	2,007,287	0	2,007,287
Fringe Benefits	416,639	0	416,639
Purchased Services	382,965	22,150	405,115
Materials and Supplies	370,689	0	370,689
Cost of Sales	116,021	0	116,021
Depreciation	35,462	0	35,462
Claims	0	1,191,971	1,191,971
Other Operating Expenses	4,790	0	4,790
	-----	-----	-----
<i>Total Operating Expenses</i>	3,333,853	1,214,121	4,547,974
	-----	-----	-----
Operating Income/(Loss)	29,090	(514,109)	(485,019)
	-----	-----	-----
<u>Non-Operating Revenues (Expenses):</u>			
Federal Donated Commodities	17,538	0	17,538
Federal and State Subsidies	565,737	0	565,737
Other Non-Operating Revenue	49,443	7,170	56,613
Loss on Sale of Fixed Assets	(61,803)	0	(61,803)
Interest	1,231	0	1,231
	-----	-----	-----
<i>Total Non-Operating Revenues (Expenses)</i>	572,146	7,170	579,316
	-----	-----	-----
Income/(Loss) Before Operating Transfers	601,236	(506,939)	94,297
	-----	-----	-----
Operating Transfer - In	0	190,579	190,579
	-----	-----	-----
Net Income/(Loss)	601,236	(316,360)	284,876
	-----	-----	-----
Retained Earnings at Beginning of Year	897,293	(148,553)	748,740
	-----	-----	-----
Retained Earnings at End of Year	1,498,529	(464,913)	1,033,616
	-----	-----	-----
Contributed Capital at Beginning/End of Year	305,006	0	305,006
	-----	-----	-----
Total Fund Equity at End of Year	\$1,803,535	(\$464,913)	\$1,338,622
	=====	=====	=====

See accompanying notes to the general purpose financial statements

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Tuition	\$4,862,435	\$2,914,795	(\$1,947,640)	\$0	\$0	\$0
Sales	528,050	289,247	(238,803)	0	0	0
Charges for Services	73,937	24,085	(49,852)	1,266,955	700,012	(566,943)
Other Revenues	18,075	9,470	(8,605)	0	0	0
Federal and State Subsidies	830,430	565,737	(264,693)	0	0	0
Total Revenues	6,312,927	3,803,334	(2,509,593)	1,266,955	700,012	(566,943)
<u>Expenses:</u>						
Salaries	2,556,567	2,001,823	554,744	0	0	0
Fringe Benefits	616,506	402,930	213,576	201,008	183,536	17,472
Purchased Services	624,692	431,374	193,318	994,992	908,894	86,098
Materials and Supplies	920,961	554,749	366,212	0	0	0
Other	5,173	5,073	100	0	0	0
Capital Outlay	118,202	73,842	44,360	0	0	0
Operation & Maintenance - Plant Services	100	0	100	0	0	0
Total Expenses	4,842,201	3,469,791	1,372,410	1,196,000	1,092,430	103,570
Excess of Revenues Over (Under) Expenses	1,470,726	333,543	(1,137,183)	70,955	(392,418)	(463,373)
<u>Other Financing Sources (Uses):</u>						
Advances - In	0	43,000	43,000	0	406,269	406,269
Advances - Out	0	(35,000)	(35,000)	0	(203,269)	(203,269)
Transfers - In	0	0	0	0	190,579	190,579
Refund of Prior Year Expenditures	4,840	53	(4,787)	0	7,169	7,169
Total Other Financing Sources (Uses)	4,840	8,053	3,213	0	400,748	400,748
Excess of Revenues and Other Over (Under) Expenses and Other	1,475,566	341,596	(1,133,970)	70,955	8,330	(62,625)
Fund Equity at Beginning of Year	991,460	991,460	0	132,314	132,314	0
Fund Equity at End of Year	\$2,467,026	\$1,333,056	(\$1,133,970)	\$203,269	\$140,644	(\$62,625)

See accompanying notes to the general purpose financial statements

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$313,332	\$0	\$313,332
Cash Received from Tuition Payments	2,914,795	0	2,914,795
Cash Received from Quasi-External Transactions with Other Funds	0	700,012	700,012
Cash Received from Other Operating Sources	9,523	0	9,523
Cash Payments to Suppliers for Goods and Services	(883,713)	0	(883,713)
Cash Payments to Employees for Services	(2,001,823)	0	(2,001,823)
Cash Payments for Employee Benefits	(402,930)	(22,150)	(425,080)
Cash Payments for Claims	0	(1,070,280)	(1,070,280)
	-----	-----	-----
Net Cash Used for Operating Activities	(50,816)	(392,418)	(443,234)
	-----	-----	-----
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	565,737	0	565,737
Transfers In	0	190,579	190,579
Advances In	43,000	406,269	449,269
Advances Out	(35,000)	(203,269)	(238,269)
Other Non-Operating Revenue	0	7,169	7,169
	-----	-----	-----
Net Cash Provided by Noncapital Financing Activities	573,737	400,748	974,485
	-----	-----	-----
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(35,924)	0	(35,924)
	-----	-----	-----
<u>Cash Flows from Investing Activities:</u>			
Interest	1,231	0	1,231
	-----	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents	488,228	8,330	496,558
Cash and Cash Equivalents at Beginning of Year	991,463	132,314	1,123,777
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$1,479,691	\$140,644	\$1,620,335
	=====	=====	=====
<u>Reconciliation of Operating Loss to Net</u>			
<u>Cash Used for Operating Activities:</u>			
Operating Income/(Loss)	\$29,090	(\$514,109)	(\$485,019)
	-----	-----	-----
<u>Adjustments to Reconcile Operating Loss to</u>			
<u>Net Cash Used for Operating Activities:</u>			
Depreciation	35,462	0	35,462
Donated Commodities Used During Year	17,538	0	17,538
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(136,913)	0	(136,913)
Decrease in Prepaid Items	7,780	0	7,780
(Increase) in Materials and Supplies Inventory	(23,949)	0	(23,949)
Decrease in Inventory Held for Resale	3,858	0	3,858
Increase in Accounts Payable	2,174	0	2,174
(Decrease) in Accrued Wages and Benefits	(3,147)	0	(3,147)
Increase in Compensated Absences	9,331	0	9,331
Increase in Intergovernmental Payable	12,989	0	12,989
(Decrease) in Deferred Revenue	(5,029)	0	(5,029)
Increase in Claims Payable	0	121,691	121,691
	-----	-----	-----
Total Adjustments	(79,906)	121,691	41,785
	-----	-----	-----
Net Cash Used for Operating Activities	(\$50,816)	(\$392,418)	(\$443,234)
	=====	=====	=====

See accompanying notes to the general purpose financial statements.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Eastland-Fairfield Career & Technical Schools (the School District) is a joint vocational school district organized under section 3311.18 of the Ohio Revised Code. The School District provides vocational education for 16 (15 statute and one contracted) school districts serving an eligible student population of 1,100 plus an additional 500 served by IT Foundation programs throughout 700 square miles of central Ohio, including Franklin, Fairfield, Pickaway, Licking, Hocking and Perry counties. A nine-member Board of Education governs the School District, which is supported by a 1.20 mill continuing operating levy passed in 1971 and a 0.8 mill continuing operating levy passed in 1998, both for an assessed valuation of over \$5.4 billion tax duplicate. In addition, the School District receives funds from the State of Ohio Joint Vocational School Foundation Program. The School District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interest of students.

Reporting Entity

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District consists of nine appointed members as follows: two from the Franklin County Educational Service Center, three from the Fairfield County Educational Service Center, and one each from the Teays Valley Local School District, Whitehall City School District, Gahanna-Jefferson City School District, and Reynoldsburg City School District. Each two-year term, Fairfield and Franklin counties switch the 3-2 split of the five members. No school district appoints a voting majority of the Board. None of the school districts that appoint Board Members are financially accountable for the School District.

The reporting entity consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, adult continuing education and student related activities of the School District.

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

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the City of Groveport and participating local and city school districts.

The School District is associated with an organization which is defined as an insurance purchasing pool. This organization is the Ohio School Boards Association Worker's Compensation Group Rating Plan. This organization is presented in Note 18 to the general-purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

Capital Projects Fund - The capital projects 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).

Proprietary Fund Types:

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

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

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

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's only fiduciary funds are agency 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 funds and those of a general nature, the following account groups are used:

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

Revenues-Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fee and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

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 Franklin County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources: (Continued)

On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditure, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents (Continued)

During fiscal year 2002, investments were limited to U. S. Government Securities, repurchase agreements, and STAR Ohio. 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 are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$413,046.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Assets/Liabilities

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

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after ten years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from the 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. Payments made more than sixty days after year end are considered not to have used current financial resources. Capital leases, long term notes payable, and loans payable are reported as a liability of the General Long-Term Obligations Account Group until due.

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

K. Interfund Transactions

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

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

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriation under State statute.

M. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private resources 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.

N. Estimates

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

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. During fiscal year 2002, the School District held monies for the construction of a new school building and improvements. Retainage amounts at June 30, 2002 have been restricted and are presented as "Cash and Cash Equivalents with Fiscal Agents" on the balance sheet.

P. Total Columns on General-Purpose Financial Statements

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

NOTE 3 -RESTATEMENT OF FUND BALANCES

Due to the correction of accounting errors, the following fund balances as they were previously reported as of June 30, 2001 were restated.

	General Fund	Special Revenue Fund	General Fixed Assets	General Long-Term Obligations
Fund Balance at June 30, 2001	\$15,813,666	\$74,257	\$16,777,095	\$2,031,258
Restatement Amount	(18,539)	9,251	458,878	4,274
Adjusted Fund Balance at July 1, 2001	\$15,795,127	\$83,508	\$17,235,973	\$2,035,532

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - ACCOUNTABILITY

Fund balances/retained earnings at June 30, 2002, included the following individual fund deficit balances:

<u>Special Revenue Funds</u>	<u>Amounts</u>
Career Education	(\$961)
Title II	(235)
Vocational Ed. Special Needs	(71,083)
 <u>Enterprise Fund</u>	
Food Service	(33,262)
Uniform School Supplies	(24,387)
 <u>Internal Service Fund</u>	
Employee Benefits	(464,914)

The deficits in these funds are due to adjustments for accrued liabilities and the timing of grant awards. The general fund is liable for these deficits and provides operating transfers when cash is required, not when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budget Basis) as opposed to when susceptible to accrual (GAAP Basis).
2. Expenditures/expenses are recorded when paid in cash (Budget Basis) as opposed to when the liability is incurred (GAAP Basis).
3. Encumbrances are treated as expenditures/expenses for all funds (Budget Basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (Budget Basis) rather than as balance sheet transactions (GAAP Basis).
5. Advances-In and Advances-Out are operating transactions (Budget Basis) as opposed to balance sheet transactions (GAAP Basis).

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (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 Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	(\$183,353)	(\$56,453)	\$2,728
Adjustments:			
Revenue Accruals	(191,589)	(177,683)	0
Expenditure Accruals	1,164,744	38,618	(5,043)
Advances	(465,195)	253,795	0
Encumbrances	(2,713,485)	(179,803)	0
Budget Basis	(\$2,388,878)	(\$121,526)	(\$2,315)

No adjustments were required for the Debt Service Fund as the budget basis and the GAAP basis were the same.

Net Loss/Excess of Revenues Over (Under) Expenses, Advances and Transfers
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis:	\$601,236	(\$316,360)
Adjustments:		
Revenue Accruals	(175,967)	0
Expense Accruals	9,463	121,690
Donated Commodities	(17,538)	0
Loss on Disposal of Fixed Assets	61,803	0
Advances	8,000	203,000
Encumbrances	(145,401)	0
Budget Basis	\$341,596	\$8,330

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase 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, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 6 - DEPOSITS 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 School District, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand At year end, the School District had \$575 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

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

Deposits At fiscal year end the carrying amount of the School District's deposits was (\$155,167) and the bank balance was \$277,043. Of the bank balance \$100,000 was covered by federal depository insurance and \$177,043 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 1	Category 3	Carrying/Fair Value
Repurchase Agreement	\$0	\$4,223,497	\$4,223,497
STAR Ohio	0	0	8,533,082
U.S. Government Securities	4,991,341	0	4,991,341
Total	\$4,991,341	\$4,223,497	\$17,747,920

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

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$12,601,987	\$4,991,341
Cash on Hand	(575)	0
Investments:		
Repurchase Agreement	(4,223,497)	4,223,497
STAR Ohio	(8,533,082)	8,533,082
GASB Statement No. 3	(\$155,167)	\$17,747,920

NOTE 7 - PROPERTY TAXES

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

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

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

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

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

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 7 - PROPERTY TAXES (Continued)

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

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$4,332,456,090	86.07%	\$4,749,792,650	87.35%
Public Utility	260,723,480	5.18%	221,646,430	4.08%
Tangible Personal Property	440,358,133	8.75%	466,171,569	8.57%
Total Assessed Value	<u>\$5,033,537,703</u>	<u>100.00%</u>	<u>\$5,437,610,649</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.00		\$2.00	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002. 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 fiscal 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, 2002, was \$1,129,810 in the General Fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amount
<u>Special Revenue:</u>	
MR/DD Career Camp	\$42,000
ABLE	137,975
Vocational Ed	16,041
Total Special Revenue Funds	<u>\$196,016</u>

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 9 - FIXED ASSETS

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

Asset Category	Balance at June 30, 2001	Additions	Deletions	Balance at June 30, 2002
Land	\$449,800	\$0	\$0	\$449,800
Buildings and Improvements	12,429,978	403,118	0	12,833,096
Furniture, Fixtures and Equipment	3,639,399	691,759	528,645	3,802,513
Vehicles	215,996	0	0	215,996
Construction in Progress	500,800	2,768,072	148,394	3,120,478
Totals	<u>\$17,235,973 *</u>	<u>\$3,862,949</u>	<u>\$677,039</u>	<u>\$20,421,883</u>

*See Note 3 - Restatement of Fund Balances

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

Furniture and Equipment	\$702,947
Less: Accumulated Depreciation	<u>(540,131)</u>
Net Fixed Assets	<u><u>\$162,816</u></u>

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2002, the School District contracted with Nationwide Insurance Company for liability insurance and fleet insurance and with St. Paul Insurance Company for property insurance.

Coverages provided by these companies are as follows:

Building and Contents (\$1,000 deductible)	\$34,697,901
Automobile Liability (\$1,000 deductible)	1,000,000
General Liability (\$1,000 deductible)	
Per occurrence	2,000,000
Aggregate	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction of coverage from the prior year.

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District 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.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 10 - RISK MANAGEMENT (Continued)

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.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The program is administered by R. E. Harrington Company, which provides claims review and processing services. The School District has purchased specific stop-loss benefits covering cost above the \$35,000 individual retention mark to a maximum lifetime reimbursement of \$1,000,000.

The liability for unpaid claims costs of \$48,286 reported in the internal service fund at June 30, 2002 is based on the requirements of Governmental Accounting Standards Board Statements No. 10, which requires that a liability for claims be reported if information prior to issuance of the financial statements indicated and the amount of the loss can be reasonably estimated. Estimates were calculated by using the actual claims reports for a 90 day period following the balance sheet date. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$33,068	\$768,456	\$760,988	\$40,536
2001	40,536	869,350	832,288	77,598
2002	77,598	1,191,971	1,070,280	199,289

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The School District’s contributions to SERS for the years ended June 30, 2002, 2001, and 2000 were \$94,238, \$103,409, and \$70,076, respectively, equal to the required contributions for each year.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$774,451, \$657,138, and \$341,035, respectively; 84 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$125,314 represents the unpaid contribution for fiscal year 2002 and 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, 2002, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year 2001, and after, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$356,157 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3,256 million. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more 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.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, the healthcare allocation is 9.80 percent. 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, prorated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$249,901.

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

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees earn twelve to eighteen days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 65 days for all personnel.

B. Other Employee Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. Medical and dental insurance is provided by the School District to all employees through a self-insurance program.

NOTE 14 - CAPITAL LEASES

The District has entered into capitalized leases for the acquisition of copiers and equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General Fixed Assets consisting of copiers and equipment have been capitalized in the general fixed assets account group in the amount of \$138,819. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$4,274 in the general fund.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 14 - CAPITAL LEASES (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002:

Fiscal Year Ending June 30	General Long-Term Debt Account Group
2003	\$37,309
2004	35,297
2005	35,297
Total	107,903
Less Amount Representing Interest	(17,395)
Present Value of Minimum Lease Payments	<u>\$90,508</u>

NOTE 15 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
1987 Vocational Loan - 0%	\$535,649	\$0	\$133,914	\$401,735
1994 Construction Loan - 0%	271,504	0	31,940	239,564
Total Long Term Loans	807,153	0	165,854	641,299
1995 Energy Conservation Notes - 6.5%	480,000	0	120,000	360,000
Pension Obligation	68,487	105,846	68,487	105,846
Capital Leases	6,223	88,559	4,274	90,508
Compensated Absences	673,669	852,845	673,669	852,845
Total General Long-Term Obligations	<u>\$2,035,532*</u>	<u>\$1,047,250</u>	<u>\$1,032,284</u>	<u>\$2,050,498</u>

*See Note 3 - Restatement of Fund Balances

In fiscal year 1995, the School District issued \$1,200,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten year period with a final maturity date in fiscal year 2005. These notes are paid from the debt service fund.

In fiscal year 1987, the School District received an interest free, 15 year loan in the amount of \$3,749,555, for the purpose of construction of school facilities. In fiscal year 1994, the School district received additional interest free loans in the amounts of \$479,120 and \$244,800, for building construction and equipment, respectively. The equipment loan was retired during fiscal year 2000, while the construction loan will be retired in fiscal year 2010. These loans are paid from general fund revenues.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 15 - LONG-TERM OBLIGATIONS(Continued)

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. Capital leases are paid from the general fund.

The School District's overall legal debt margin was \$489,384,958 with an unvoted debt margin of \$5,437,611.

Principal and interest requirements to retire loans and notes outstanding at June 30, 2002 are as follows:

	Principal	Interest	Total
2003	285,854	21,450	307,304
2004	285,854	13,650	299,504
2005	285,854	5,850	291,704
2006	31,941	0	31,941
2007	31,941	0	31,941
2008-2010	79,855	0	79,855
Total	<u>\$1,001,299</u>	<u>\$40,950</u>	<u>\$1,042,249</u>

NOTE 16 - INTERFUND ACTIVITY

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

Fund Type/Fund	Interfund Receivables	Interfund Payables
<u>General Fund</u>	\$769,238	\$0
<u>Special Revenue Funds:</u>		
Title IV	0	3,299
Other Grant	0	42,000
Title II	0	235
Vocational Education Special Needs	0	136,461
ABLE	0	137,975
Total Special Revenue Funds	0	319,970
<u>Enterprise Fund:</u>		
Uniform School Supplies	0	43,000
<u>Internal Service Fund:</u>		
Employee Benefit	0	406,268
Total All Funds	<u>\$769,238</u>	<u>\$769,238</u>

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	Food Service	Uniform School Supplies	Rotary	Adult Education	Total Enterprise Funds
Operating Revenues	\$210,535	\$78,765	\$24,350	\$3,049,293	\$3,362,943
Depreciation Expense	2,066	0	0	33,396	35,462
Operating Income (Loss)	(126,315)	2,609	7,455	145,341	29,090
Donated Commodities	17,538	0	0	0	17,538
Federal and State Subsidies	24,914	0	0	540,823	565,737
Net Income (Loss)	(60,302)	2,609	7,455	651,474	601,236
Fixed Asset Additions	529	0	0	35,395	35,924
Donated Assets	49,443	0	0	0	49,443
Net Working Capital	17,653	(24,387)	72,518	1,574,935	1,640,719
Total Assets	98,841	19,573	72,923	1,871,164	2,062,501
Total Equity	51,171	(24,387)	72,518	1,704,233	1,803,535
Encumbrances	10,417	7,893	8,961	118,132	145,403

NOTE 18 - INSURANCE PURCHASING POOL

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

NOTE 19 - 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.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 19 - SCHOOL FUNDING COURT DECISION (Continued)

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of August 30, 2002, 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 district that are used as the basis for determining the base cost support amount and that 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 redetermine any issue upon such reconsideration.

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

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Textbooks	Capital Acquisition	Totals
Set-aside Cash Balance as of June 30, 2001	\$147,626	\$0	\$147,626
Current year set-aside requirement	114,146	114,146	228,292
Prior Year Carry Over	0	(1,590,614)	(1,590,614)
Qualifying disbursements	(297,354)	(3,949,763)	(4,247,117)
Set-aside Balance Carried Forward to Future Years	<u>(\$35,582)</u>	<u>(\$5,426,231)</u>	<u>(\$5,461,813)</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero in the Capital Acquisition and Textbooks Set-asides. These extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

Eastland-Fairfield Career & Technical Schools
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 21 - CONTINGENCIES

Grants:

The School District 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 School District at June 30, 2002.

NOTE 22 - CONTRACT COMMITMENTS

As of June 30, 2002, the School District had contractual purchase commitments for professional design and construction services for the construction of new school facilities as follows:

Contractor	Contract Amount	Amount Expended	Balance as of 06/30/02
Continental Building Systems	\$884,815	\$111,723	\$773,092
Comfortrol, Inc.	191,000	0	191,000
Holdridge Mechanical, Inc.	77,470	0	77,470
Franklin Fire Sprinkler	33,742	33,522	220
Superior Electric Company	144,990	8,350	136,640
J.A. Guy	287,493	284,093	3,400
Seifert Construction	1,672,163	1,655,016	17,147
Settle Muter Electric	331,905	290,880	41,025
Totals	<u>\$3,623,578</u>	<u>\$2,383,584</u>	<u>\$1,239,994</u>

Eastland-Fairfield Career & Technical Schools
Franklin County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2002

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	In-Kind Receipts	Disbursements	In-Kind Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	NA	10.550	\$0	\$12,509	\$0	\$17,538
National School Lunch Program	LL-P4 2002	10.555	24,345	0	24,345	0
Total United States Department of Agriculture - Nutrition Cluster			24,345	12,509	24,345	17,538
United States Department of Education						
<i>Direct from the Federal Agency</i>						
<i>Student Financial Aid Cluster</i>						
Federal Family Education Loans	NA	84.032	68,303	0	68,303	0
Pell Grants	NA	84.063	300,135	0	300,135	0
<i>Total Student Financial Aid Cluster</i>			368,438	0	368,438	0
<i>Passed through Ohio Department of Education</i>						
VOCED Basic Grant	20-C2 2002	84.048	537,744	0	583,018	0
Adult and Community Education	AB-S1 2001	84.002	0	0	132,565	0
Eisenhower Professional Development	MS-S1 2002	84.281	2,364	0	2,599	0
Innovative Education Program Strategy	C2-S1 2002	84.298	1,347	0	0	0
Total United States Department of Education			909,893	0	1,086,620	0
United States Corporation for National & Community Service						
<i>Passed through Ohio Department of Education</i>						
Learn & Serve America - School & Community Based Program	SV-S4 2001	94.004	0	0	436	0
Total United States Corporation for National & Community Service			0	0	436	0
Total Federal Financial Assistance			<u>\$934,238</u>	<u>\$12,509</u>	<u>\$1,111,401</u>	<u>\$17,538</u>

NA = Not Available/Applicable

See accompanying notes to the Schedule of Federal Awards Expenditures

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2002

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Schools' federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B- FOOD DISTRIBUTIONS

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

NOTE C- GUARANTEED STUDENT LOANS

Non-monetary assistance is reported in the schedule at the dollar amount of guaranteed student loans disbursed.

BALESTRA & COMPANY

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board

Eastland-Fairfield Career & Technical Schools

4300 Amalgamated Place, P.O. Box 419

Groveport, Ohio 43125-0419

We have audited the financial statements of the Eastland-Fairfield Career & Technical Schools (the School), Franklin County, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Eastland-Fairfield Career & Technical Schools 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 Eastland-Fairfield Career & Technical Schools' 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.

Members of the Board
Eastland-Fairfield Career & Technical Schools
Groveport, Ohio 43125-0419

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, members of the Board, 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.

Balestra & Company
Balestra & Company

August 30, 2002

BALESTRA & COMPANY

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board

Eastland-Fairfield Career & Technical Schools

4300 Amalgamated Place, P.O. Box 419

Groveport, Ohio 43125-0419

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastland-Fairfield Career & Technical Schools' 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 Eastland-Fairfield Career & Technical Schools' compliance with those requirements.

In our opinion, Eastland-Fairfield Career & Technical Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Eastland-Fairfield Career & Technical Schools 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 Eastland-Fairfield Career & Technical Schools 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 the internal control over compliance in accordance with OMB Circular A-133.

Members of the Board
Eastland-Fairfield Career & Technical Schools
Groveport, Ohio 43125-0419

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133
Page 2

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

This report is intended solely for the information and use of the audit committee, management, members of the Board, 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.

Balestra & Company
Balestra & Company

August 30, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2002

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



STATE OF OHIO
OFFICE OF THE AUDITOR

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EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

FRANKLIN 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
NOVEMBER 14, 2002**