

FOUR COUNTY CAREER CENTER
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Four County Career Center
22-900 State Route 34
Archbold, OH 43502

We have reviewed the Independent Auditor's Report of the Four County Career Center, Henry County, prepared by Weber O'Brien LTD, for the audit period July 1, 2000 to June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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JIM PETRO
Auditor of State

February 11, 2002

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FOUR COUNTY CAREER CENTER

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general-purpose financial statements of the Four County Career Center, an Ohio Vocational School District ("District"), as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Four County Career Center as of June 30, 2001, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2001 on our consideration of the District's 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.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Four County Career Center, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the 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.

Weber O'Brien Ltd.

December 3, 2001

Four County Career Center
Combined Balance Sheet
All Fund Types and Account Groups

As of June 30, 2001

Account Description	Government Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum)
	General Fund	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Asset Account Group (GFAAG)	General Long-Term Debt Account Group (GLTDAG)	
Assets and Other Debits:								
Equity in Pooled Cash and Equivalents	\$ 3,673,019	\$ 129,973	\$ 4,330,065	\$ 294,441	\$ 727,330			\$ 9,154,828
Receivables:								
Taxes	5,800,711		374,774					6,175,485
Accounts	6,193			56,038				62,231
Intergovernmental		103,468						103,468
Accrued Interest	134,544		1,739	7	604			136,894
Interfund Receivable	184,690	-						184,690
Inventory Held for Resale				37,262				37,262
Materials and Supplies Inventory	99,102			743				99,845
Prepaid Items	25,503	8,378						33,881
Restricted Assets:								
Equity in Pooled Cash and Equivalents	37,572							37,572
Fixed Assets:								
Fixed Assets				121,745		21,360,037		21,481,782
Accumulated Depreciation:								
Accumulated Depreciation				(84,191)		(14,045,423)		(14,129,614)
Other Debits:								
Provided from General Government								
Resources							2,915,384	2,915,384
Total Assets and Other Debits	\$ 9,961,334	\$ 241,819	\$ 4,706,578	\$ 426,045	\$ 727,934	\$ 7,314,614	\$ 2,915,384	\$ 26,293,708
Liabilities:								
Accounts Payable	\$ 52,030	\$ 38,899	\$ 5,197	\$ 1,110				\$ 97,236
Accrued Wages and Benefits	829,923	22,423		25,700				878,046
Compensated Absences Payable	2,248			34,739			747,406	784,393
Interfund Payable		112,940	-	71,750				184,690
Due to Other Funds					38,770			38,770
Deferred Revenue	5,301,294		348,489	1,629				5,651,412
Due to Students					5,254			5,254
Capital Leases Payable							32,734	32,734
Energy Conservation Loan Payable							795,468	795,468
Asbestos Removal Loan Payable							1,339,776	1,339,776
Total Liabilities	\$ 6,185,495	\$ 174,262	\$ 353,686	\$ 134,928	\$ 44,024		\$ 2,915,384	\$ 9,807,779
Fund Equity and Other Credits:								
Investment in General Fixed Assets						\$ 7,314,614		\$ 7,314,614
Contributed Capital				19,849				19,849
Retained Earnings:								
Unreserved				271,268				271,268
Fund Balances:								
Reserved:								
Reserved for Encumbrances	294,544	92,997	134,134		4,600			526,275
Reserved for Inventory	99,102							99,102
Reserved for Prepaid Items	25,503	8,378						33,881
Reserved for Budget Stabilization	37,572							37,572
Reserved for Property Taxes	499,417		26,285					525,702
Unreserved:								
Unreserved, Undesignated	2,819,701	(33,818)	4,192,473		679,310			7,657,666
Total Fund Equity and Other Credits	3,775,839	67,557	4,352,892	291,117	683,910	7,314,614	-	16,485,929
Total Liabilities, Fund Equity and Other Credits	\$ 9,961,334	\$ 241,819	\$ 4,706,578	\$ 426,045	\$ 727,934	\$ 7,314,614	\$ 2,915,384	\$ 26,293,708

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

Four County Career Center
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 2001

Account Description	Government Fund Types				Fiduciary Fund Type	Totals (Memorandum)
	General Fund	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<u>Revenues:</u>						
Intergovernmental	\$ 4,628,993	\$ 767,000		\$ 30,185		\$ 5,426,178
Interest	525,603			5,365		530,968
Tuition and Fees	37,986					37,986
Gifts and Donations	4,700				\$ 205,221	209,921
Customer Services	97,842				100	97,942
Property & Other Local Taxes	5,323,585			412,547		5,736,132
Miscellaneous	202					202
Total Revenues	<u>10,618,911</u>	<u>767,000</u>		<u>448,097</u>	<u>205,321</u>	<u>12,039,329</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	732,923	5,467				738,390
Vocational	4,005,337	313,427			1,000	4,319,764
Adult/Continuing	125,358	141,265				266,623
Support services:						
Pupils	1,050,352	135,012		10,299		1,195,663
Instructional Staff	275,151	175,665				450,816
Board of Education	70,878					70,878
Administration	950,045	7,096				957,141
Fiscal	301,433	2,350		8,114		311,897
Business	76,490					76,490
Operation and Maintenance of Plant	1,040,963			49,929		1,090,892
Pupil Transportation	16,588					16,588
Central	81,662	57,232				138,894
Non-Instructional Services	3,040			7,589		10,629
Extracurricular activities	43,411					43,411
Capital Outlay	26,574			289,841		316,415
Debt Service						
Debt Service - Principal	36,305		122,000	123,861		282,166
Debt Service - Interest	2,776		45,444			48,220
Total Expenditures	<u>8,839,286</u>	<u>837,514</u>	<u>167,444</u>	<u>489,633</u>	<u>1,000</u>	<u>10,334,877</u>
Excess of Revenues Over(Under)						
Expenditures	1,779,625	(70,514)	(167,444)	(41,536)	204,321	1,704,452
<u>Other Financing Sources and Uses:</u>						
Capital Lease Transactions	25,492					25,492
Operating Transfers In			167,444	1,300,000		1,467,444
Refund of Prior Year Expenditures	24,316	922				25,238
Other Financing Sources		70,380				70,380
Operating Transfers Out	(1,478,444)					(1,478,444)
Other	2,000					2,000
Total Other Financing Sources (Uses)	<u>(1,426,636)</u>	<u>71,302</u>	<u>167,444</u>	<u>1,300,000</u>	<u>-</u>	<u>112,110</u>
Excess of Rev and Other over Exp and Other...	352,989	788		1,258,464	204,321	1,816,562
Fund Balance at Beginning of Year	3,422,850	66,769		3,094,428	474,989	7,059,036
Fund Balance at End of Year	<u>\$ 3,775,839</u>	<u>\$ 67,557</u>		<u>\$ 4,352,892</u>	<u>\$ 679,310</u>	<u>\$ 8,875,598</u>

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

Four County Career Center
 Combined Statement of Revenues, Expenses and Changes in Fund Equity
 Proprietary Fund Types

For the Fiscal Year Ended June 30, 2001

Account Description	Enterprise Funds	Totals (Memorandum)
<u>Operating Revenues:</u>		
Tuition	\$ 295,115	\$ 295,115
Sales	279,320	279,320
Charges for Services	61,806	61,806
Other Revenues	(2,078)	(2,078)
Total Operating Revenues	<u>634,163</u>	<u>634,163</u>
<u>Operating Expenses:</u>		
Salaries	416,992	416,992
Fringe Benefits	124,384	124,384
Purchased Services	106,858	106,858
Materials and Supplies	281,950	281,950
Depreciation	4,399	4,399
Capital Outlay	1,298	1,298
Total Operating Expenses	<u>935,881</u>	<u>935,881</u>
Operating Loss	<u>(301,718)</u>	<u>(301,718)</u>
<u>Non-Operating Revenues and Expenses:</u>		
Federal Donated Commodities	7,747	7,747
Interest	997	997
Federal and State Subsidies	176,094	176,094
Other	55,540	55,540
Total Non-Operating Revenues and Expenses	<u>240,378</u>	<u>240,378</u>
Loss Before Operating Transfers	<u>(61,340)</u>	<u>(61,340)</u>
Operating Transfers-In	11,000	11,000
Net Loss	<u>(50,340)</u>	<u>(50,340)</u>
Retained Earnings at Beginning of Year	321,608	321,608
Retained Earnings at End of Year	<u>271,268</u>	<u>271,268</u>
Contributed Capital at Beginning of Year	12,518	12,518
Capital Contributions During the Year	7,331	7,331
Contributed Capital at End of Year	<u>19,849</u>	<u>19,849</u>
Total Fund Equity at End of Year	<u>\$ 291,117</u>	<u>\$ 291,117</u>

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

Four County Career Center
 Combined Statement of Cash Flows
 Proprietary Fund Types

For the Fiscal Year Ended June 30, 2001

	<u>Enterprise</u>	<u>Totals (Memorandum)</u>
Increase/(Decrease) in Cash & Cash Equivalents:		
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Sales	\$ 279,320	\$ 279,320
Cash Received from Tuition and Fees	305,070	305,070
Other Cash Receipts	90,195	90,195
Cash Payments to Suppliers for Goods & Service	(275,659)	(275,659)
Cash Payments for Contract Services	(106,858)	(106,858)
Cash Payments for Employee Services	(531,673)	(531,673)
Net Cash Used for Operating Activities	<u>(239,605)</u>	<u>(239,605)</u>
		-
<u>Cash Flows from Investing Activities:</u>		
Cash Payments for Fixed Asset	(9,377)	(9,377)
Net Cash Used for Investing Activities	<u>(9,377)</u>	<u>(9,377)</u>
		-
<u>Cash Flows from Noncapital Financing Activities:</u>		
Operating Grants Received	267,828	267,828
Transfers in from Other Funds	11,000	11,000
Net Cash Used for Noncapital Financing Activities	<u>278,828</u>	<u>278,828</u>
Net Increase in Cash and Cash Equivalents	29,846	29,846
Cash & Cash Equivalents at Beginning of Year	264,595	264,595
Cash & Cash Equivalents at End of Year	<u>\$ 294,441</u>	<u>\$ 294,441</u>
		-
Reconciliation of Operating Loss to Net		-
<u>Cash Used for Operating Activities:</u>		-
Operating Loss	\$ (301,718)	\$ (301,718)
		-
Adjustments to Reconcile Operating Loss		-
<u>To NetCash Used for Operating</u>		-
Activities:		-
Depreciation	4,399	4,399
Federal Donated Commodities Used	7,911	7,911
(Increase) Decrease in Assets:		-
Accounts Receivable	16,306	16,306
Inventory Held for Resale	(3,075)	(3,075)
Material and Supplies Inventory	143	143
Accrued Interest	251	251
Increase (Decrease) in Liabilities:		-
Compensated Absences Payable	3,247	3,247
Deferred Revenue	743	743
Interfund Payable	25,000	25,000
Accounts Payable	773	773
Accrued Wages and Benefits	6,415	6,415
Total Adjustments	<u>62,113</u>	<u>62,113</u>
Net Cash Used for Operating Activities	<u>\$ (239,605)</u>	<u>\$ (239,605)</u>
		-
Reconciliation of Cash and Cash Equivalents		
<u>of Non-Expendable Trust Funds to Balance Sheet</u>		
Cash & Cash Equiv - Expendable Trust & Agency	\$ 727,330	
Cash & Cash Equivalents - NonExpendable Trust	\$ 100,000	

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

Four County Career Center
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non GAAP Budget Basis)
 Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2001

Account Description	General Fund		Special Revenue		Debt Service		Capital Projects		Expendable Trust		Totals (Manufacturing Only)		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues:													
Intergovernmental	\$ 4,119,250	\$ 4,824,893	\$ 518,743	\$ 771,785	\$ 72,616	\$ 71,801	\$ 885,879	\$ 71,801	\$ (815)	\$ 5,086,545	\$ 5,478,559	\$ 392,014	
Taxes	360,600	471,002	121,002		6,000	6,183			183	356,000	477,185	121,185	
Fees and Fines	48,000	37,528	(10,472)							48,000	37,528	(10,472)	
Gifts and Donations	4,000	4,700	700							204,000	209,921	5,921	
Customer Services	69,000	64,026	(4,974)						100	69,000	64,126	(4,874)	
Property & Other Local Taxes	4,750,000	5,198,370	448,370		332,000	409,855				5,082,000	5,608,225	526,225	
Miscellaneous	200	202	2							200	202	2	
Total Revenues	9,369,450	10,440,821	1,071,371	771,785	410,616	487,839	200,000	205,321	5,321	10,875,745	11,905,746	1,030,001	
Expenditures:													
Instruction:													
Regular	680,395	768,513	(88,128)	5,467	3,653	5,467				684,038	775,980	(91,942)	
Vocational	4,256,036	4,010,890	245,146	343,089	331,977	343,089				4,589,132	4,354,979	234,153	
Adult/Continuing	184,040	133,082	30,958	142,391	184,856	142,391			1,129	318,896	265,473	53,423	
Support Services:													
Pupils	1,182,038	1,089,384	92,652	132,982	134,543	132,982			201	1,327,079	1,225,665	101,414	
Instructional Staff	279,525	255,310	24,215	180,646	186,107	180,646				470,173	443,417	26,756	
Board of Education	114,422	89,886	24,536		6,485	7,098				114,422	89,886	24,536	
Administration	1,000,987	975,966	25,021	6,485	7,098	(6,111)				1,007,472	953,052	54,420	
Fiscal	319,955	301,860	18,095	5,600	2,350	3,250				387,935	378,734	9,201	
Business	89,040	76,824	12,216							1,180,447	1,138,834	41,613	
Operation and Maintenance of Plant	1,150,761	1,073,210	77,551							1,180,447	1,138,834	41,613	
Plant Transportation	15,650	20,875	(5,225)							182,537	20,926	(161,611)	
Central	9,500	8,520	980							182,537	15,771	166,766	
Non-Instructional Services	8,500	8,520	(20)							19,850	19,534	316	
Extracurricular activities	87,400	44,501	42,899		8,000	7,589				57,400	44,501	12,899	
Capital Outlay	75,433	1,082	74,351		509,648	420,123				586,082	421,205	164,877	
Debt Service													
Debt Service - Principal					125,000	122,000	3,000				249,000	245,861	3,139
Debt Service - Interest					45,000	45,444	(444)				45,000	45,444	(444)
Total Expenditures	9,479,953	8,924,566	555,387	892,066	903,246	892,066	16,180	167,444	1,129	11,282,773	10,820,686	462,087	
Excess Revenues Over (Under) Expenditures	(110,113)	1,516,255	1,828,388	(120,301)	(12,567)	(283,219)	2,556	(147,771)	5,450	(387,029)	1,285,060	1,672,088	
Other Financing Sources and Uses													
Operating Transfers In					170,000	167,444	(2,556)				170,000	1,467,444	1,297,444
Proceeds from Sale of Fixed Assets		24,316	24,316	922							25,238	25,238	
Refund of Prior Year Expenditures		155,850	(46,750)	112,940						202,600	268,780	66,180	
Advances In					90,222	70,380	(19,842)			90,222	70,380	(19,842)	
Other Financing Sources		(1,478,444)	161,556	(114,233)	(14,233)	(114,233)				(1,840,000)	(1,478,444)	361,556	
Operating Transfers Out		(137,940)	(137,940)							(155,949)	(259,769)	(121,829)	
Advances Out					(24,011)	70,009	94,020				(1,333,027)	95,819	1,332,846
Total Other Financing Sources (Uses)	(1,437,400)	(1,436,216)	1,192	70,009	94,020	(14,233)	94,020	(2,556)	1,300,000	(1,333,027)	95,819	1,332,846	
Excess of Rev and Other over Exp and Other	(1,547,513)	80,037	1,627,550	(60,292)	(36,578)	(60,292)	(13,714)	(13,714)	5,450	(1,730,055)	1,344,679	3,064,734	
Fund Balances at Beginning of Year	3,233,124	3,233,124	39,326	38,326	39,326	38,326	39,326	38,326	39,326	6,525,420	6,525,420		
Unexpended Prior Year Encumbrances	703,893	65,995	637,898	42,862	707,335	707,335	707,335	707,335	707,335	468,878	468,878		
Fund Balance at end of Year	1,791,650	3,419,150	1,627,550	34,358	46,250	34,358	(13,714)	4,155,930	5,450	5,264,115	8,329,925	3,064,734	

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

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Four County Career Center (“District”) is a joint vocational school district created under provisions of Section 3311.18 of the Ohio Revised Code. Effective July 1, 1999 the District changed its name from Four County Joint Vocational School District to Four County Career Center, An Ohio Vocational School District. The school district was established in 1966, with classes beginning in September, 1969, and serves 22 districts located in Defiance, Fulton, Henry and Williams counties. The District is operated under a board of education consisting of eleven members. The vocational school district provides job training for residents of participating districts. Currently, Four County Career Center provides thirty courses of instruction in such varied fields as chef training, electronics, machine trades and plastics. The average daily membership as of October 2000 was 863. The district employed 12 administrators and supervising personnel, 97 certified and 42 noncertified employees.

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

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

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

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

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

However, in accordance with GASB Statement #14, there are two organizations that require separate disclosure because of the nature of their relationships with the District. These organizations are discussed in Note 17:

Northern Buckeye Education Council.

Northwest Ohio Computer Association.

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

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Four County Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 most significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories; governmental, proprietary and fiduciary. Governmental Fund Types are those through which most governmental functions of the School District are financed.

Governmental Funds - 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. The following are the School District's governmental fund types:

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 for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Basis Of Presentation - Fund Accounting, Continued

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

Fiduciary Fund 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 fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The School District's 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 obligations 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 and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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.

All proprietary fund types 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 (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Measurement Focus and Basis of Accounting, Continued

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded 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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when 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.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriation 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 legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 County Budget Commission for rate determination.

Estimated Resources: By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the 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. 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 2001.

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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation 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. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund 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. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. 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 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 in a central bank account. Cash balances of most district funds are pooled and invested. The investments of pooled cash, which are stated at cost approximating market value, consist primarily of Certificates of Deposit at local banks and Treasury notes issued by the Federal Government. Individual fund integrity is maintained through school district records.

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Except for nonparticipating investment contracts, and investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are recorded at cost or amortized cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

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

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 spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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 respective 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 dates received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Depreciation of buildings, furniture, equipment and vehicles in the general fixed asset account group and proprietary fund is computed using the straight-line method. Improvements to fund fixed assets are depreciated over the remaining useful life of the related fixed asset.

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction (See Note 20).

I. Intergovernmental Revenues

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

The School District currently participates in several State and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Effective Schools
Career Development
Education Management Information Systems
Community Education
Teacher Development
Adult Vocational Education
Adult Basic Education
Tech Prep Expansion
Vocational Education
Innovative Education
Adult Basic and Literacy Education
Consumer Education
E-Rate

Reimbursable Grants

Proprietary Fund

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Capital Projects Fund

Vocational Education Equipment
School Net
School Net Professional Development

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Interfund Assets/Liabilities

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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 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.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. 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.

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Fund Balance Reserves

The School District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, prepaids, property taxes and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for the endowments represents the amount held by the School District that cannot be expended.

O. Designated Fund Balance

Designated fund balance represents unreserved fund balance that has been designated by the District Board for specific purposes, but do not represent a reservation of fund balance.

The non-expendable trust fund consists of \$100,000 of reserved fund balance. The interest earned from this designated balance is to be used for student activities in lieu of fund raising activities. The activity in this fund has not been reflected in the combined statement of revenues, expenses, and changes in fund equity-proprietary fund because the amounts are immaterial. Per Board resolution dated June 17, 1999, interest earned by the \$100,000 non-expendable trust is to be allocated to student activity funds.

P. Contributed Capital

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

Q. 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 generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

R. Estimates

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

S. Change in Accounting Principle

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. In accordance with this statement, certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions may have been reported in a manner inconsistent with prior fiscal years; however, the adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances Budget and Actual- All Governmental Fund Types and Similar Trust Funds 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 the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures/Expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance/retained earnings (GAAP).

Adjustments necessary to convert the excess of revenues and other sources over (under) expenses and other uses at the end of the year on the budget basis to the GAAP basis are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Expendable Trust</u>
Budget Basis	\$ 80,037	(\$ 50,292)	\$1,110,613	\$204,321
Rev. Accruals	49,732	(117,705)	(39,742)	-0-
Exp. Accruals	(71,324)	75,788	53,459	-0-
Encumbrances	<u>294,544</u>	<u>92,997</u>	<u>134,134</u>	<u>-0-</u>
GAAP Basis	<u>\$352,989</u>	<u>\$ 788</u>	<u>\$1,258,464</u>	<u>\$204,321</u>

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit shall make an expenditure of money unless it has been appropriated. The following funds had expenditures that exceeded appropriations:

General Fund	\$93,499
Special Revenue Fund	13,637
Debt Service Fund	444
Capital Projects Fund	25,938

NOTE 4 – EQUITY IN POOLED CASH AND EQUIVALENTS

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

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

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 4 – EQUITY IN POOLED CASH AND EQUIVALENTS, Continued

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

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

Protection of 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.

Investments: State Statute and Board Resolution authorize the School to invest in obligations of U. S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, repurchase agreements and the State Treasurer's investment pool. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

The District's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the District or its safekeeping agent in the District's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the District's name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the school district's name.

The following show the District's deposits (bank balances) in each category:

Category 1.	\$ 400,000 was covered by federal depository insurance.
Category 3.	\$4,307,000 was covered by collateral held by the pledging financial institution, but not in the name of the District.

Collateral is required for demand deposits and certificates of deposit at 110 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 4 – EQUITY IN POOLED CASH AND EQUIVALENTS, Continued

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the District's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Carrying Amount</u>	<u>Market Amount</u>
U.S. Treasury Notes Category A	\$ <u>1,298,714</u>	\$ <u>1,302,000</u>
Total Investments	\$ <u>1,298,714</u>	\$ <u>1,302,000</u>
Reconciliation to Balance Sheet:		
District's Deposits		\$4,829,102
Petty Cash and Drawer Change		450
Investments		1,298,714
Star Ohio		<u>3,064,134</u>
Total Equity in pooled cash and investments		<u>\$9,192,400</u>
Classification in Balance Sheet:		
Unrestricted		\$9,154,828
Restricted		<u>37,572</u>
Total Per Balance Sheet		<u>\$9,192,400</u>

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years.

Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 5 - PROPERTY TAXES, Continued

The School District receives property taxes from Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Williams and Wood 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, 2001, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed value upon which the 2001 taxes were collected was \$2,510,913,800 of which real and public utility property represented 75%, (\$1,886,349,400) of the total and tangible personal property represented 25% (\$624,564,400). The full tax rate for all District operations applied to real property for fiscal year ended June 30, 2001 was \$3.20 per \$1,000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.12 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$2.38 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$525,702 and is recognized as revenue. \$499,417 was available to the general fund and \$26,285 was available to the capital project fund.

NOTE 6 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2001, consisted of taxes, interest, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

<u>Receivables</u>	<u>Amount</u>
<u>General Fund:</u>	
Taxes – Current	\$ 499,417
Taxes – Deferred	5,301,294
Accounts Receivable	6,193
Accrued Interest Receivable	134,544
<u>Special Revenue Funds:</u>	
Intergovernmental	103,468
<u>Capital Projects:</u>	
Taxes – Current	26,285
Taxes – Deferred	348,489
Accrued Interest Receivable	1,739
<u>Enterprise:</u>	
Accounts Receivable	56,038
Accrued Interest Receivable	7
<u>Trust and Agency:</u>	
Accrued Interest Receivable	604

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 7 – FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year.

	Beginning Balance 6/30/00	Additions	Retirements	Ending Balance 6/30/01
Land and Improvements	\$ 219,258	\$246,596		\$ 465,854
Buildings	16,451,730	20,234	1,815	16,470,149
Furniture and Equipment	3,688,151	431,809	415,907	3,704,053
Books	424,020			424,020
Moving Vehicles	196,129	118,707	18,875	295,961
Total General Fixed Assets	<u>20,979,288</u>	<u>817,346</u>	<u>436,597</u>	<u>21,360,037</u>
Less Accumulated Depreciation	<u>(13,581,023)</u>	<u>(762,862)</u>	<u>(298,462)</u>	<u>(14,045,423)</u>
Net General Fixed Assets	<u>\$ 7,398,265</u>	<u>\$ 54,484</u>	<u>\$138,135</u>	<u>\$ 7,314,614</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2001.

	Food Service	Adult Education
Machinery and Equipment	\$91,492	\$30,253
Less: Accumulated Depreciation	<u>(71,644)</u>	<u>(12,547)</u>
Net Fixed Assets	<u>\$19,848</u>	<u>\$17,706</u>

NOTE 8 – LONG-TERM DEBT

Long-term obligations of the District as of June 30, 2001 are as follows:

	Outstanding 6/30/00	Additions	Deduction	Outstanding 6/30/01
Compensated Absences	\$ 706,594	\$ 40,812	\$ -0-	\$ 747,406
Capital Leases	43,547	25,492	36,305	32,734
Energy Loan Payable	917,468	-0-	122,000	795,468
Asbestos Loan Payable	1,463,637	-0-	123,861	1,339,776
Total	<u>\$3,131,246</u>	<u>\$66,304</u>	<u>\$282,166</u>	<u>\$2,915,384</u>

The retirement and severance benefits recorded above represent the noncurrent portion of the liability. The current portion has been recorded in the appropriate fund types. General Fund revenues will finance payment of most of the retirement and severance benefits.

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 9 – CAPITALIZED LEASES – LESSEE DISCLOSURE

The Four County Career Center has entered into lease agreements as lessee for financing the acquisition for photocopy, computers, office and telephone equipment.

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

Fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

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

Fiscal Year Ending June 30	General Long-Term Debt
2002	\$13,605
2003	6,663
2004	6,203
2005	6,202
2006	5,687
	38,360
Total minimum lease payments	38,360
Less: amount representing interest	(5,626)
Present value of future minimum lease payments	\$32,734

The following is an analysis of fixed assets leased under capital leases as of June 30, 2001.

	<u>General Fixed Assets</u>
Furniture & Equipment	\$61,996
Less Accumulated Depreciation	(24,617)
Net amount	\$37,379

NOTE 10 – LOANS PAYABLE

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

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

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 10 – LOANS PAYABLE, Continued

Following is a summary of loans payable activity during fiscal 2001:

	Beginning Balance <u>6/30/00</u>	<u>Issued</u>	<u>Payment</u>	Ending Balance <u>6/30/01</u>
Asbestos Loan	\$1,463,637	\$-0-	\$123,861	\$1,339,776
Energy Loan	917,468	-0-	122,000	795,468
	<u>\$2,381,105</u>	<u>\$-0-</u>	<u>\$245,861</u>	<u>\$2,135,244</u>

Debt service requirements to pay off the loans are:

2002	252,861
2003	258,861
2004	265,861
2005	273,861
2006	281,861
2007-2013	<u>801,939</u>
Total	<u>\$2,135,244</u>

NOTE 11 – INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 2001, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$184,690	
<u>Special Revenue:</u>		
Economic Education		2,400
Career Development		13,961
Vocational Education		57,567
Tech Prep		9,472
High Schools that Work		8,907
Adult Basic Education		16,872
Title VI		3,553
Title II		208
<u>Enterprise Fund</u>		
Adult Basic Education		<u>71,750</u>
Total	<u>\$184,690</u>	<u>\$184,690</u>

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 12 – SEGMENT INFORMATION – ENTERPRISE FUNDS

The government maintains four enterprise funds which are intended to be self-supporting through user fees charged for services. The table below reflects in a summarized format the more significant financial data relating to and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Adult Education	Special Enterprise	Total
Operating revenues	\$240,564	\$ 31,528	\$315,253	\$46,818	\$634,163
Operating expenses	350,766	26,377	514,962	43,776	935,881
Depreciation expense	2,134	-0-	2,265	-0-	4,399
Operating income(loss)	(110,202)	5,151	(199,709)	3,042	(301,718)
Net income (loss)	(11,059)	5,151	(47,474)	3,042	(50,340)
Operating grants	23,859	-0-	152,235	-0-	176,094
Fixed Asset Additions	9,465	-0-	8,078	-0-	17,543
Change in Accumulated Depreciation	(1,733)	-0-	(1,590)	-0-	(3,323)
Working capital	(20,962)	117,567	85,819	71,139	253,563
Net cash flow	(7,550)	4,330	26,252	6,814	29,846
Total Assets	21,060	117,567	216,279	71,139	426,045
Total Equity	(1,113)	117,567	103,524	71,139	291,117

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. 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, 45 North Fourth Street, Columbus, Ohio 43215-3634.

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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. In fiscal year 1999, 7.7 percent was used to fund pension obligations. 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 required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$166,800, \$170,400, and \$156,200, respectively. All required contributions were made prior to each of these fiscal year ends.

B. State Teachers Retirement System

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

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 13 - DEFINED BENEFIT PENSION PLANS, Continued

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1999, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$713,100, \$749,400, and \$691,900, respectively. All required contributions were made prior to each of these fiscal year-ends.

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, 2001, seven members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 14 - 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 State Teacher's Retirement Board has Statutory Authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, the same percentage as fiscal year 1999. For the School District, this amount equaled \$394,000 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.419 billion at June 30, 2000. For the year ended June 30, 2000 (the latest available information), net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll; 7.7 percent in fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$76,000 during the 2001 fiscal year.

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 14 - POSTEMPLOYMENT BENEFITS, Continued

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest available information), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 15 – OTHER EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from the negotiated agreement and state laws.

Sick Leave:

Each full time professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave is cumulative to two hundred (200) days for certified staff and two hundred five (205) days for support staff and administration.

Service Retirement:

Employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the employee's accrued but unused sick leave days at the time of retirement based on twenty-five percent (25%) of the value of the employee's eligible accrued but unused sick leave days to a maximum of two hundred (200) days for certified staff and two hundred five (205) days for support staff and administration.

Severance Pay:

Employees are eligible for severance pay after the Board officially accepts the employee's request for severance pay. Eligibility and allowance for severance pay is based on the following factors:

<u>Eligible Years of Completed Service</u>	<u>Percent of Accrued Unused Sick Leave Days Payable</u>
1 – 4 years	0%
5 – 9 years	5% of 130 days
10 – 14 years	10% of 130 days
15 years or more	25% of 130 days

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 15 – OTHER EMPLOYEE BENEFITS, Continued

A. COMPENSATED ABSENCES, Continued

Vacation Pay:

Only administrative and twelve month contract school support personnel accumulate vacation on the following factors:

School Support Personnel:

<u>Completed Service</u>	<u>Vacation Leave Payable</u>
After 1 year	10 days
7 or more years	15 days
17 or more years	20 days

Administrative Personnel have 20 days vacation leave payable.

B. HEALTH CARE BENEFITS

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

NOTE 16 – RISK MANAGEMENT

During fiscal year 2001, the District contracted with Nationwide Insurance for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded the commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

NOTE 17 – JOINTLY - GOVERNED ORGANIZATION

Northern Buckeye Education Council - the Northern Buckeye Education Council (NBEC) is a jointly - governed organization among thirty-one (31) educational entities, primarily the school districts located in Defiance, Fulton, Henry and Williams Counties. The council was organized under Chapter 167 of the Ohio Revised Code as a not-for-profit Council of Governments.

Northwest Ohio Computer Association – is a subsidiary of the Northern Buckeye Education Council and provides data processing services to the District.

The NBEC General Assembly consists of either the superintendent or Chief Executive Officer from each participating entity. The General Assembly appoints the Board of Directors, which governs the council. The Board consists of two (2) General Assembly representatives from each of the four (4) counties, along with the General Assembly representative from the member entity serving as fiscal agent, for the Northwest Ohio Computer Association (NWOCA).

The jointly - governed organization was formed for the purpose of: 1) applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts through NWOCA; and 2) permit the Council to undertake cooperative programs in which some or all of the members may participate. The duties and obligations of the Council and Council members participating in each program is set forth in a written agreement for each program.

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 17 – JOINT VENTURE, Continued

Each of the participating education entities' support NWOCA based upon a per pupil charge dependent upon the software package(s) utilized. The degree of control exercised by any participating entity is limited to representation in the General Assembly. Upon termination of NWOCA by the governing bodies, the members participating in the program would be entitled to a share of the Associations' liquidated net assets. This remaining surplus would be distributed to participating members in the proportion of the amount of the District's total share of the costs of the facilities incurred over the life of the jointly - governed organization, to the total costs incurred by all participating school districts over the life of the jointly - governed organization. To obtain financial information for NWOCA write to NBEC, Treasurer/Business Manager's Office, 22-900 State Route 34, Archbold, Ohio 43502.

In addition, the NBEC provides cooperative programs for employee health, dental, and life insurance benefits, a workers' compensation group rating program, and assists in the preparation of financial reports with its participating members. Annually, the NBEC provides estimates on the cost to run these programs for the subsequent year to each participating member of the General Assembly. The General Assembly considers the estimates and either accepts or modifies them. Upon termination of the NBEC by the governing bodies of the members participating in the program, Four County Career Center would be entitled to a share of the NBEC's liquidated net assets. This remaining surplus would be distributed to participating members either by mutual agreement of two-thirds of the members of the jointly - governed organization, or if no agreement is reached, in the same proportion of the amount of each member's share of costs incurred and paid from those funds over the life of the jointly - governed organization, to the total costs incurred and paid from those funds by all members over the life of the jointly - governed organization. To obtain financial information for these cooperative programs write to NBEC, Treasurer/Business Manager's Office, 22-900 State Route 34, Archbold, Ohio 43502.

NOTE 18 – GROUP PURCHASING POOL

Northern Buckeye Education Council Workers' Compensation group rating plan - The school district participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The plan is administered as a program of the Northern Buckeye Education Council. Each participating school district pays an enrollment fee.

NOTE 19 – CONTRIBUTED CAPITAL

During 2000, contributed capital in Enterprise funds changed by the following amounts:

	Enterprise Fund
Contributed capital, July 1	\$12,518
Contributions from governmental funds	<u>7,331</u>
Contributed capital, June 30	<u>\$19,849</u>

NOTE 20 – SET-ASIDES

The Ohio Legislature has passed H.B. 412 which requires school districts to "set aside" money from the General Fund for three purposes: textbooks and materials, capital acquisition, and budget stabilization. The District's requirements for fiscal year 2001 and the balances to be carried forward at year-end are presented below:

FOUR COUNTY CAREER CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 20 – SET-ASIDES, Continued

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of July 1, 2000	\$ -0-	\$ -0-	\$189,286	\$189,286
Current Year Set-aside Requirement	267,048	267,048	89,016	623,112
Current Year Offsets	-0-	409,855	-0-	409,855
Qualifying Disbursements	574,921	-0-	-0-	574,921
Returned to the General fund	<u>-0-</u>	<u>-0-</u>	<u>240,730</u>	<u>240,730</u>
Total	(\$ <u>307,873</u>)	(\$ <u>142,807</u>)	\$ <u>37,572</u>	(\$ <u>413,108</u>)
Cash Balance Carried Forward to FY 2001	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>37,572</u>	
Total Restricted Assets				\$ <u>37,572</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

Beginning with fiscal year ending June 30, 2000, expenditures in excess of current year or accumulated set-aside requirements in the Textbooks and Materials Set-aside were permitted to be carried forward to offset future years' textbooks and materials set-aside requirements. Although the District had off-sets and qualifying disbursements during the year that reduced the set-aside amounts below zero for Capital Acquisition purposes, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the Capital Acquisition Set-aside. Am. Sub. Senate Bill 345, effective April 10, 2001, eliminated the requirement for the budget reserve set-aside established by HB 412. According to S.B. 345, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in a budget reserve account as authorized by ORC 5705.13 for use by the board to offset any budget deficit the district may experience in future fiscal years. The statute also authorizes the school district to use all or part of the funds formerly included in the budget reserve for the purpose of providing the district's portion of the basic project costs of any project undertaken in accordance with ORC 3318, Classroom Facilities. Senate Bill 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were previously required by law to be deposited into the budget reserve may be used solely for specified purposes. In November, 2001 the Board authorized to return the remaining non-BWC funds in the amount of \$240,730 to the General Fund.

NOTE 21 - CONTINGENCIES

A. Grants

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

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 21 – CONTINGENCIES, Continued

B. Litigation

In the normal course of operations, the District may be subject to litigation and claims. Management is not aware of any asserted claims or any potential unasserted claims or assessments.

C. State School Funding Decision

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 3, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts.

Further, the State of Ohio, in a motion filed September 17, 2001, asked the court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

As of the date of these financial statements, the 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 22 – LEGAL COMPLIANCE

Pursuant to Section 117.11(A) of the Revised Code, Weber • O'Brien Ltd., CPAs, performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The Auditor's recommendations and citations are included in a separate report.

NOTE 23 – ACCOUNTING CHANGES

Effective July 1, 2000, the Board changed prospectively its capitalization policy from \$500 to \$1,000 for recording fixed assets. The effect of this change is immaterial to the financial statements.

The general fund balance at July 1, 2000 was increased by \$100,000 to effect the elimination of the \$100,000 nonexpendable trust fund which had been incorrectly established in fiscal 1997. The amount is included in the unsecured, undesignated balance in the general fund.

FOUR COUNTY CAREER CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 24 – SUBSEQUENT EVENT

In November of 2001, the taxpayers approved the renewal of all of an existing .2 mill levy placed on the ballot in the general election. The levying of the tax, in excess of the ten mill limitation, will be used for the purpose of equipping, repairing and improving buildings which amounts to 2 cents for each one hundred dollars of valuation, for ten years.

FOUR COUNTY CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CASH BASIS)

<u>Federal Grantor/Pass - Through Grantor Program Titles</u>	<u>Project Number</u>	<u>CFDA Number</u>	<u>Program Award Amount</u>	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Pass through Ohio Department of Education					
Innovative Education Program Strategy – Title VI	CS-S1-01	84.298	\$ 4,333	\$ 780	\$ 4,333
	C2-S1-00	84.298	4,469	-0-	3,343
Math Science Subsidy	MS-S1-01	84.281	2,079	1,871	2,079
	MS-S1-00	84.281	2,131	-0-	1,592
Adult and Community Education Grant	AB-S1-01	84.002	127,008	95,000	110,849
	AB-S1-00	84.002		39,933	39,933
	AB-S1-00	84.002	102,413	3,757	3,757
Vocational Education Basic Grant/Perkins	20-C1-01	84.048	383,776	326,209	318,407
	20-C1-00	84.048	310,334	<u>46,550</u>	<u>16,462</u>
TOTAL DEPARTMENT OF EDUCATION				514,100	500,755
 <u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Pass through Ohio Department of Education					
<u>Nutrition Cluster</u>					
National School Lunch Program		10.555		19,729	19,729
National School Breakfast Program		10.553		3,072	3,072
Food Distribution Program		10.550		<u>7,787</u>	<u>7,787</u>
TOTAL DEPARTMENT OF AGRICULTURE				30,588	30,588
TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS				<u>\$544,688</u>	<u>\$531,343</u>



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

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

We have audited the financial statements of Four County Career Center as of and for the year ended June 30, 2001, and have issued our report thereon dated December 3, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying attachment. We also noted an immaterial instance of noncompliance that we have reported to management of the Four County Career Center in a separate letter dated December 3, 2001.

Internal Control Over Financial Reporting

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

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

weber • obrien LTD.

December 3, 2001

**FOUR COUNTY CAREER CENTER
FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
JUNE 30, 2001**

Finding 2001 – 1

Ohio Revised Code 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been appropriated. Supplemental appropriations were not properly approved by the School District and Budget Commission. The following funds had expenditures exceeding appropriations as of June 30, 2001:

Funds Name	Variance
General Fund	(\$ 93,499)
Special Revenue Fund	(\$ 13,637)
Debt Service Fund	(\$ 444)
Capital Projects Fund	(\$ 25,938)

The School District did have the revenue to obtain an amended certificate. We recommend appropriation measures be compared to the latest amended certificate of estimated resources and appropriate modifications be made prior to submitting it to the County Auditor.



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

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

Compliance

We have audited the compliance of Four County Career Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

Board of Education
Page Two

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

webster · D'Brien, LTD.

December 3, 2001

FOUR COUNTY CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2001

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	__X__ no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	__X__ yes	_____ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	__X__ no
Reportable conditions(s) identified not considered to be material weaknesses?	_____ yes	__X__ none reported

Type of auditors' report issued on compliance for major programs:		<u>Unqualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	__X__ no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education Basic Grant/Perkins

Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$300,000</u>
Auditee qualified as low risk auditee?	__X__ yes	_____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2001 – 1 at page 33.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

FOUR COUNTY CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2001

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
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800-282-0370
Facsimile 614-466-4490

FOUR COUNTY CAREER CENTER

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 21, 2002**