COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2002

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Columbiana County Career Center
Columbiana County
9364 State Route 45
Lisbon, Ohio 44432

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Columbiana County Career Center, Columbiana County, (the Career Center) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Columbiana County Career Center, Columbiana County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2002 on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures 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.

Jim Petro
Auditor of State

November 15, 2002

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COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
ASSETS:			
Equity in pooled cash and cash equivalents	$ 1,341,629	$ 77,689	$ 893,931
Cash with fiscal agent	-	-	-
Receivables (net of allowances of uncollectibles):			
Property taxes - current & delinquent	1,790,525	-	-
Accounts	4,115	-	-
Interfund loan receivable	108,083	-	-
Due from other governments	659	152,701	-
Materials and supplies inventory	-	-	-
Prepayments	35,549	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-
OTHER DEBITS:			
Amount to be provided for retirement of general long-term obligations	-	-	-
Total assets and other debits	$ 3,280,560	$ 230,390	$ 893,931
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts payable	$ 42,249	$ 8,495	$ -
Accrued wages and benefits	383,712	1,423	-
Compensated absences payable	11,149	602	-
Pension obligation payable	47,425	472	-
Interfund loan payable	-	108,083	-
Deferred revenue	1,646,293	71,495	-
Due to other governments	15,139	1,267	-
Due to students	-	-	-
Claims payable	-	-	-
Contracts Payable	-	-	-
Total liabilities	2,145,967	191,837	-
EQUITY AND OTHER CREDITS:			
Investment in general fixed assets	-	-	-
Retained earnings: unreserved	-	-	-
Fund balances (deficit):			
Reserved for encumbrances	124,478	24,886	85,864
Reserved for prepayments	35,549	-	-
Reserved for tax revenue unavailable for appropriation	144,232	-	-
Unreserved-undesignated	830,334	13,667	808,067
Total equity and other credits	1,134,593	38,553	893,931
Total liabilities, equity and other credits	$ 3,280,560	$ 230,390	$ 893,931

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)
$ 182,649	$ 6,583	$ 7,185	$ -	$ -	$ 2,509,666
-	56,760	-	-	-	56,760
-	-	-	-	-	1,790,525
4,523	-	-	-	-	8,638
-	-	-	-	-	108,083
7,432	-	-	-	-	160,792
3,776	-	-	-	-	3,776
-	-	-	-	-	35,549
196,948	-	-	4,830,802	-	5,027,750
-	-	-	-	320,728	320,728
$ 395,328	$ 63,343	$ 7,185	$ 4,830,802	$ 320,728	$ 10,022,267
$ 399	$ -	$ -	$ -	$ -	$ 51,143
6,900	-	-	-	-	392,035
27,358	-	-	-	319,740	358,849
685	-	-	-	988	49,570
-	-	-	-	-	108,083
302	-	-	-	-	1,718,090
1,341	-	19	-	-	17,766
-	-	7,166	-	-	7,166
-	52,825	-	-	-	52,825
13,662	-	-	-	-	13,662
50,647	52,825	7,185	-	320,728	2,769,189
-	-	-	4,830,802	-	4,830,802
344,681	10,518	-	-	-	355,199
-	-	-	-	-	235,228
-	-	-	-	-	35,549
-	-	-	-	-	144,232
-	-	-	-	-	1,652,068
344,681	10,518	-	4,830,802	-	7,253,078
$ 395,328	$ 63,343	$ 7,185	$ 4,830,802	$ 320,728	$ 10,022,267

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COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Total (Memorandum Only)
Revenues:				
From local sources:				
Taxes	$ 1,668,240	$ -	$ -	$ 1,668,240
Tuition	540	-	-	540
Earnings on investments	-	-	68,285	68,285
Other local revenues	21,297	-	-	21,297
Intergovernmental - State	3,827,509	96,329	10,535	3,934,373
Intergovernmental - Federal	-	670,160	-	670,160
Total revenue	5,517,586	766,489	78,820	6,362,895
Expenditures:				
Current:				
Instruction:				
Regular	357,347	-	-	357,347
Special	217,600	-	-	217,600
Vocational	2,888,036	224,040	2,500	3,114,576
Adult/Continuing	-	120,596	-	120,596
Support services:				
Pupil	140,001	177,133	-	317,134
Instructional staff	41,931	113,780	-	155,711
Board of Education	122,670	-	-	122,670
Administration	642,013	43,632	-	685,645
Fiscal	190,994	-	-	190,994
Operations and maintenance	563,351	1,200	-	564,551
Central	10,280	24,289	-	34,569
Community services	1,654	-	-	1,654
Extracurricular activities	-	6,947	-	6,947
Facilities acquisition and construction	51,320	-	6,736	58,056
Total expenditures	5,227,197	711,617	9,236	5,948,050
Excess of revenues over expenditures	290,389	54,872	69,584	414,845
Other financing sources:				
Operating transfers in	-	-	80,879	80,879
Operating transfers out	(104,271)	-	-	(104,271)
Proceeds from sale of fixed assets	11,177	-	-	11,177
Total other financing sources	(93,094)	-	80,879	(12,215)
Excess of revenues and other financing sources over expenditures and other financing	197,295	54,872	150,463	402,630
Fund balances, July 1 (restated)	937,298	(16,319)	743,468	1,664,447
Fund balances, June 30	$ 1,134,593	$ 38,553	$ 893,931	$ 2,067,077

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes.	$ 1,560,617	$ 1,589,633	$ 29,016	$ -	$ -	$ -
Tuition	471	480	9	-	-	-
Earnings on investments.	-	-	-	-	-	-
Other local revenues	15,834	16,128	294	-	-	-
Intergovernmental - State	3,756,302	3,826,140	69,838	130,476	98,657	(31,819)
Intergovernmental - Federal.	-	-	-	715,629	593,653	(121,976)
Total revenues.	5,333,224	5,432,381	99,157	846,105	692,310	(153,795)
Expenditures:						
Current:						
Instruction:						
Regular.	345,558	351,274	(5,716)	-	-	-
Special.	211,675	215,174	(3,499)	-	-	-
Vocational.	2,953,122	3,001,944	(48,822)	229,288	247,515	(18,227)
Other.	-	-	-	113,909	122,964	(9,055)
Support services:						
Pupil.	140,272	142,591	(2,319)	167,519	180,836	(13,317)
Instructional staff	40,775	41,449	(674)	107,476	116,020	(8,544)
Board of Education	155,568	158,140	(2,572)	-	-	-
Administration	633,434	643,906	(10,472)	41,619	44,927	(3,308)
Fiscal.	188,647	191,767	(3,120)	-	-	-
Operations and maintenance	580,264	589,857	(9,593)	1,112	1,200	(88)
Central.	10,113	10,280	(167)	23,334	25,189	(1,855)
Community services	1,623	1,650	(27)	-	-	-
Extracurricular activities	-	-	-	6,435	6,947	(512)
Facilities acquisition & construction . . .	50,485	51,320	(835)	-	-	-
Total expenditures	5,311,536	5,399,352	(87,816)	690,692	745,598	(54,906)
Excess (deficiency) of revenues over (under) expenditures	21,688	33,029	11,341	155,413	(53,288)	(208,701)
Other financing sources (uses):						
Advances in	91,196	92,893	1,697	-	108,084	108,084
Advances out.	(129,338)	(108,084)	21,254	(86,051)	(92,892)	(6,841)
Transfer in	79,403	80,879	1,476	-	-	-
Transfer out.	(159,126)	(185,150)	(26,024)	-	-	-
Proceeds from sale of fixed assets	10,973	11,177	204	-	-	-
Refund of prior year expenditure	2,489	2,534	45	-	-	-
Total other financing sources (uses) . . .	(104,403)	(105,751)	(1,348)	(86,051)	15,192	101,243
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses). .	(82,715)	(72,722)	9,993	69,362	(38,096)	(107,458)
Fund balances, July 1 (restated).	1,235,428	1,235,428	-	60,908	60,908	-
Prior year encumbrances appropriated . . .	28,267	28,267	-	26,919	26,919	-
Fund balances, June 30	$ 1,180,980	$ 1,190,973	$ 9,993	$ 157,189	$ 49,731	$ (107,458)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
$ -	$ -	$ -	$ 1,560,617	$ 1,589,633	$ 29,016
-	-	-	471	480	9
70,000	69,962	(38)	70,000	69,962	(38)
-	-	-	15,834	16,128	294
1,835	10,535	8,700	3,888,613	3,935,332	46,719
-	-	-	715,629	593,653	(121,976)
71,835	80,497	8,662	6,251,164	6,205,188	(45,976)
-	-	-	345,558	351,274	(5,716)
-	-	-	211,675	215,174	(3,499)
2,500	2,500	-	3,184,910	3,251,959	(67,049)
-	-	-	113,909	122,964	(9,055)
-	-	-	307,791	323,427	(15,636)
-	-	-	148,251	157,469	(9,218)
-	-	-	155,568	158,140	(2,572)
-	-	-	675,053	688,833	(13,780)
-	-	-	188,647	191,767	(3,120)
-	-	-	581,376	591,057	(9,681)
-	-	-	33,447	35,469	(2,022)
-	-	-	1,623	1,650	(27)
-	-	-	6,435	6,947	(512)
200,000	92,600	107,400	250,485	143,920	106,565
202,500	95,100	107,400	6,204,728	6,240,050	(35,322)
(130,665)	(14,603)	116,062	46,436	(34,862)	(81,298)
-	-	-	91,196	200,977	109,781
-	-	-	(215,389)	(200,976)	14,413
80,879	80,879	-	160,282	161,758	1,476
-	-	-	(159,126)	(185,150)	(26,024)
-	-	-	10,973	11,177	204
-	-	-	2,489	2,534	45
80,879	80,879	-	(109,575)	(9,680)	99,895
(49,786)	66,276	116,062	(63,139)	(44,542)	18,597
741,791	741,791	-	2,038,127	2,038,127	-
-	-	-	55,186	55,186	-
$ 692,005	$ 808,067	$ 116,062	$ 2,030,174	$ 2,048,771	$ 18,597

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		
	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues:			
Tuition and fees	$ 424,409	$ -	$ 424,409
Sales/charges for services	58,433	656,975	715,408
Total operating revenues	482,842	656,975	1,139,817
Operating expenses:			
Personal services	458,809	-	458,809
Contract services	63,387	45,527	108,914
Materials and supplies	222,659	-	222,659
Depreciation	11,505	-	11,505
Claims expense	-	665,636	665,636
Other	1,082	-	1,082
Total operating expenses	757,442	711,163	1,468,605
Operating income (loss)	(274,600)	(54,188)	(328,788)
Nonoperating revenues:			
Operating grants	337,766	-	337,766
Federal commodities	3,779	-	3,779
Interest revenue.		309	309
Other nonoperating revenues.	19,108	-	19,108
Total nonoperating revenues.	360,653	309	360,962
Net income (loss) before operating transfers.	86,053	(53,879)	32,174
Operating transfers in.	23,392	-	23,392
Net income (loss)	109,445	(53,879)	55,566
Retained earnings, July 1 (restated)	235,236	64,397	299,633
Retained earnings, June 30	$ 344,681	$ 10,518	$ 355,199

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		
	Enterprise	Internal Service	Total (Memorandum Only)
Cash flows from operating activities:			
Cash received from tuition and fees.	$ 422,213	$ -	$ 422,213
Cash received from sales/service charges.	58,433	656,975	715,408
Cash payments for personal services	(461,661)	-	(461,661)
Cash payments for contract services	(63,076)	(45,527)	(108,603)
Cash payments for materials and supplies.	(220,889)	-	(220,889)
Cash payments for claims expenses.	-	(716,442)	(716,442)
Cash payments for other expenses	(1,082)	-	(1,082)
Net cash provided by (used in) operating activities.	(266,062)	(104,994)	(371,056)
Cash flows from noncapital financing activities:			
Cash received from operating grants	337,488	-	337,488
Operating transfers in.	23,392	-	23,392
Cash received from other noncapital financing activities. . .	19,108	-	19,108
Net cash provided by (used in) noncapital financing activities	379,988	-	379,988
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(62,777)	-	(62,777)
Net cash used in capital and related financing activities . .	(62,777)	-	(62,777)
Cash flows from investing activities:			
Interest received	-	309	309
Net cash provided by investing activities.	-	309	309
Net decrease in cash and cash equivalents	51,149	(104,685)	(53,536)
Cash and cash equivalents at beginning of year.	131,500	168,028	299,528
Cash and cash equivalents at end of year	$ 182,649	$ 63,343	$ 245,992
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (274,600)	$ (54,188)	$ (328,788)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,505	-	11,505
Federal donated commodities	3,779	-	3,779
Changes in assets and liabilities:			
Increase in materials and supplies inventory	(236)	-	(236)
Increase in accounts receivable.	(2,196)	-	(2,196)
Decrease in accounts payable.	(1,493)	-	(1,493)
Decrease in accrued wages and benefits	(7,992)	-	(7,992)
Increase in compensated absences payable	3,114	-	3,114
Increase in due to other governments.	1,341	-	1,341
Increase in pension obligation payable	685	-	685
Decrease in claims payable	-	(50,806)	(50,806)
Decrease in deferred revenue	31	-	31
Net cash provided by (used in) operating activities.	$ (266,062)	$ (104,994)	$ (371,056)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Columbiana County Career Center (the "Center") is organized under section 3311.88 of the Ohio Revised Code. The Center provides vocational education for 9 school districts serving all eligible students throughout 501 square miles of eastern Ohio, including Columbiana and portions of Mahoning, and Jefferson counties. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interests of students. The Center is staffed by 56 certificated employees and 22 non-certificated employees to provide service to approximately 506 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform with generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The Center also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict/or contradict GASB pronouncements. The Center's significant accounting policies are described below.

A. Financial Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt, or the levying of taxes. Based upon the application of this criteria, the Center has no component units. The financial statements of the reporting entity include only those of the Center (the primary government). The following organizations are described due to their relationship to the Center:

JOINTLY GOVERNED ORGANIZATION

<u>Area Cooperative Computerized Educational Service System (ACCESS)</u>
ACCESS is a jointly governed organization among 22 school districts and 2 county educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the Center does not have any equity interest in ACCESS. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

INSURANCE PURCHASING POOL

<u>Ohio School Boards Association Workers' Compensation Group Rating Plan</u>
The Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Plan's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the immediate past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Basis of Presentation - Fund Accounting

The Center 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 Center functions or activities.

A fund is defined as a fiscal 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 Center are grouped into the following generic fund types under the broad fund categories: governmental, proprietary and fiduciary.

GOVERNMENTAL FUND TYPES

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

PROPRIETARY FUND TYPES

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

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

Internal Service Funds - The internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the Center, on a cost reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held by the Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Center’s fiduciary funds include agency funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. At June 30, 2002, there were no accruals for the agency funds, which, in another fund type, would be recognized in the combined balance sheet.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of 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 Center, other than those accounted for in proprietary or trust funds.

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

C. Measurement Focus and Basis of Accounting

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

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 (e.g., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds and the nonexpendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for governmental 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 Center is 60 days after year-end.

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

Nonexchange transactions, in which the Center 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 Center 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. Deferred revenues also arise when resources are received by the Center before it has a legal claim to them. 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, 2002, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable.

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.

D. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 expressed 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 Columbiana County Budget Commission for rate determination.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

Prior to 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 Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which are the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation to meet the ordinary expenses of the Center. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Although the legal level of budgetary control was established at the fund level of expenditures for all funds, the Center has elected to present budgetary statements comparisons at the fund and function level of expenditures for all governmental funds. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, supplemental appropriations were legally enacted by the Board.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditures 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 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. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 12 discloses encumbrances outstanding for enterprise funds at fiscal year-end.

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.

E. Cash and Investments

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

During fiscal year 2002, investments were limited to investments in STAR Ohio, a repurchase agreement and nonnegotiable certificates of deposit.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Under existing Ohio statutes all investment earnings are assigned to the general fund, except for those specifically related to the Permanent Improvement capital projects fund, which is individually authorized by Board resolution. Interest revenue credited to the Permanent Improvement capital projects fund during fiscal year 2002, amounted to $68,285, which includes $46,414 assigned from other Center funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. Inventory

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. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which it is consumed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Fixed Assets and Depreciation

1. *General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. 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. Donated fixed assets are recorded at their fair market values as of the date donated. The Center follows the policy of not capitalizing assets with a cost of less than $500. No depreciation is recognized for assets in the general fixed assets account group. Interest incurred during construction is not capitalized on the general fixed assets. The Center has not included infrastructures in the general fixed asset account group.

2. *Proprietary Funds*

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been computed on a straight-line basis over the following estimated useful lives:

Asset	Life (years)
Furniture and equipment	10 - 20

I. Compensated Absences

Compensated absences of the Center consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. Sick leave benefits are accrued as a liability using the vesting method. Under this method, a liability for severance is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The Center records a liability for accumulated unused sick leave for employees after 20 years of current service with the Center, or after 15 years of service and at least 45 years of age or after 10 years of service and at least 50 years old.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

J. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the general long-term obligations account group. Long-term obligations expected to be financed by proprietary funds are reported as liabilities in the appropriate funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Fund Balance Reserves

Reservations of fund balances indicate that portion of fund equity, which are not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, and tax revenue unavailable for appropriation. The reserve for tax advance unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under state statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

L. Interfund Transactions

During the course of normal operations, the Center has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.

3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable." The Center had short-term interfund loans receivable and payable at June 30, 2002.

4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The Center had long-term advances receivable and payable at June 30, 2002.

5. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

An analysis of interfund loans receivable/payable and operating transfers is presented in Note 5.

M. Estimates

The preparation of financial statements in conformity with GAAP 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.

N. Other Local Revenues

The revenue line item "other local revenues", reported in the governmental funds include rent, gifts, donations and other miscellaneous local revenue received by the Center.

O. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustments

A prior period adjustment is required at June 30, 2001 to properly state interfund balances subsequently deemed to be operating transfers that are not subject to repayment. This prior period adjustment had the following effect on fund balance/retained earnings as previously stated at June 30, 2001.

	General	Enterprise
Fund balance/retained earnings As previously reported	$1,028,205	$152,038
Adjustment of interfund loans	(90,907)	83,198
Restated fund balance/retained Earnings at June 30, 2001	$ 937,298	$235,236

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balance

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

	Deficit Balance
Special Revenue Funds	
Adult Basic Education	$20,347
LPDC Block Grant	1,502
Title II	166

Each of these funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balances in the Adult Basic Education, LPDC Block Grant, and Title II special revenue funds were caused by the application of GAAP, namely in the reporting of "advances in" from another fund as an interfund loan payable rather than as an "other financing source." These deficits will be eliminated by anticipated intergovernmental revenues and subsidies not recognized at June 30.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The Center 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 Cash Equivalents". Statutes require the classification of monies held by the Center into three categories:

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

6. The State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and

8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on hand: At fiscal year-end, the Center had $540 in undeposited cash on hand, which is included on the combined balance sheet of the Center as part of "Equity in Pooled Cash and Cash Equivalents."

Cash with fiscal agent: The Center participates in the Columbiana County Insurance Consortium for employee benefits. The bank balance at fiscal year-end for the Employee Benefit Self-Insurance Fund was $56,760. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Deposits: At year-end, the carrying amount of the Center's deposits was $(292,769) and the bank balance was $47,001. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the Center's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". The entire bank balance was covered by federal depository insurance.

Investments: GASB Statement No. 3 requires the use of three categories to classify investments. Category 1 includes investments that are insured or registered or securities held by the Center or its agent in the Center's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Center's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Repurchase agreement	$647,911	$ 647,911	$ 647,911
Investment in STAR Ohio	-	2,153,984	2,153,984
Total Investments	$647,911	$2,801,895	$2,801,895

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A reconciliation between the classifications of pooled cash and cash equivalents on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No.9	$ 2,566,426	$ -
Investments of the Cash management pool:		
STAR Ohio	(2,153,984)	2,153,984
Repurchase agreement	(647,911)	647,911
Cash on hand	(540)	-
Cash with fiscal agent	(56,760)	-
GASB Statement No. 3	$ (292,769)	$2,801,895

NOTE 5 - INTERFUND TRANSACTIONS

A. Operating Transfers

The following is a reconciliation of the Center's operating transfers for fiscal year 2002:

	Transfers In	Transfer Out
General Fund	$ -	$104,271
Capital Projects Fund		
Permanent Improvement	80,879	-
Enterprise Funds		
Food Service	10,935	-
Uniform School Supplies	12,457	-
Total	$104,271	$104,271

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund Loans Receivable/Payable

Interfund balances at June 30, 2002, consist of the following individual interfund loans receivable and/or payable:

	Interfund Loans Receivable	Interfund Loans Payable
General Fund	$108,083	$ -
Special Revenue Funds		
Title II	-	166
Title VI	-	2,859
LDPC Block Grant	-	6,197
Adult Basic Education	-	91,082
Vocational Education	-	7,779
Total	$108,083	$108,083

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the Center.

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 35% 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 88% of true value (with certain exceptions) and on real property at 35% of true value.

Tangible personal property taxes are levied on April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value.

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed value upon which the 2001 taxes were collected was $895,155,920. Agricultural/residential and public utility real estate represented 73.03% or $653,741,860 of this total; Commercial & Industrial real estate represented 12.90% or $115,444,740 of this total; public utility tangible represented 6.30% or $56,401,500 of this total; and general tangible property represented 7.77% or $69,567,820 of this total. The voted general tax rate for operations at the fiscal year ended June 30, 2002 was $2.80 per $1,000.00 of assessed valuation.

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.

The Center receives property taxes from Columbiana, Mahoning, Jefferson and Carroll Counties. The County Treasurers collect property tax on behalf of the Center. The County Auditors periodically remit to the Center its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

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 September 20.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amounts available 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, 2002, was $144,232 in the general fund.

Taxes available for advance and recognized as revenue, but not received by the Center prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The Center is prohibited, by law, from appropriating this revenue in accordance with Ohio Revised Code Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, long-term interfund advances and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "Due From Other Governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes - current and delinquent	$1,790,525
Accounts	4,115
Interfund loans	108,083
Due from other governments	659
Special Revenue Funds	
Due from other governments	152,701
Enterprise Funds	
Accounts	4,523
Due from other governments	7,432

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

A summary of the changes in the general fixed asset account group during fiscal year 2002 follows:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Land/improvements	$ 389,079	$ 6,000	$ -	$ 395,079
Buildings/improvements	1,251,305	57,091	-	1,308,396
Furniture and equipment	2,685,541	358,511	-	3,044,052
Vehicles	83,275	-	-	83,275
Total	$4,409,200	$421,602	$ -	$4,830,802

NOTE 8 - FIXED ASSETS - (Continued)

B. Proprietary Fixed Assets

A summary of the proprietary fixed assets at June 30, 2002, follows:

Furniture and equipment	$ 470,514
Construction in progress	20,815
Less: accumulated depreciation	(294,381)
Net fixed assets	$ 196,948

The construction in progress represents cost incurred to date for HVAC repair/ replacement as part of the new healthcare lab.

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account groups. Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Compensated absences	$306,830	$12,910	$ -	$319,740
Pension obligation payable	692	988	(692)	988
Total	$307,522	$13,898	$(692)	$320,728

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The effects of these debt limitations at June 30, 2002, are a voted debt margin of $80,564,033 and an unvoted debt margin of $895,156.

NOTE 10 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 312 days for administrators, 270 days for classified and 269 for certified personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave to a maximum of 78 days for administrators, 47 days for classified employees and 67 days for certified employees.

B. Life Insurance

The Center provides life insurance and accidental death and dismemberment insurance to most employees through Safeco Life Insurance Company.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the Center's insurance coverage was as follows:

Type of Coverage	Deductible	Liability Limit
Building and Contents - replacement cost	$ 1,000	$17,575,100
Boiler	1,000	$17,575,100
Inland Marine	100	55,400
EDP Coverage	250	394,200
Garagekeepers	500	120,000
Automobile Liability		1,000,000
General Liability:		
Per occurrence		1,000,000
Aggregate		5,000,000
Umbrella Liability:		
Per occurrence	2,500	1,000,000
Aggregate	10,000	4,000,000

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

B. Health Insurance

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The Center is a member of a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Center's behalf. The claims liability of $52,825 reported in the internal service fund at June 30, 2002, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be reported. Changes in claims activity for the current and previous fiscal years are as follows:

NOTE 11 - RISK MANAGEMENT - (Continued)

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2002	$103,631	$665,636	$(716,442)	$ 52,825
2001	67,470	717,105	(680,944)	103,631

C. Workers' Compensation

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Center maintains four enterprise funds to account for the operations of Food Service, Uniform School Supplies, Rotary and Adult Education Programs. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the Center as of and for the year ended June 30, 2002.

	Food Service	Uniform School Supplies	Rotary	Adult Education	Total
Operating revenue	$ 58,433	$ 21,239	$44,651	$ 358,519	$ 482,842
Operating expenses before depreciation	152,624	33,196	45,846	514,271	745,937
Depreciation	1,400	-	-	10,105	11,505
Operating income/(loss)	(95,591)	(11,957)	(1,195)	(165,857)	(274,600)
Operating grants	85,598	-	-	252,168	337,766
Federal commodities	3,779	-	-	-	3,779
Net income/(loss)	12,810	(11,957)	(1,111)	86,311	86,053
Net Working Capital	31,026	600	29,653	86,454	147,733
Total assets	50,663	600	29,741	314,324	395,328
Fixed asset additions	-	-	-	55,624	55,624
Total liabilities	5,655	-	88	44,904	50,647
Total equity/(deficit)	45,008	600	29,653	269,420	344,681
Encumbrances outstanding as of 6/30/02	60	-	700	123,318	124,078

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the Center is required to contribute 14%, an actuarially determined rate, for 2001; 5.46% was the portion to fund pension obligations. For fiscal year 2001, 5.5% was used to fund pension obligations. The contribution requirements of plan members and employees are established and may be amended, up to statutory maximum amounts, by the School Employees Retirement Board. The Center's required contributions to SERS for the fiscal years ended June 30, 2002, 2001 and 2000 were $79,212, $77,899, and $76,146, respectively; equal to 100% of the required contribution for each fiscal year.

B. State Teachers Retirement System

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the Center is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The Center's required contributions to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were $490,254, $463,436, and $495,214, respectively; equal to 100% of the required contribution for each fiscal year.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS, have an option to choose Social Security or SERS/STRS. As of June 30, 2002, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The Center provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By 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 this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the Center, this amount equaled $157,582 during fiscal 2002.

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was $3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were $300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at $12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were $161.440 million and the target level was $242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of $315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the Center, the amount to fund health care benefits, including surcharge, equaled $56,140 during the 2002 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While the Center is 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 is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types is 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Budget basis	$(72,722)	$(38,096)	$ 66,276
Net adjustment for revenue accruals	85,205	74,179	(1,677)
Net adjustment for expenditure accruals	21,500	6,023	-
Net adjustment for other sources/uses	12,656	(15,192)	-
Adjustment for encumbrances	150,656	27,958	85,864
GAAP basis	$197,295	$ 54,872	$150,463

NOTE 16 - CONTINGENCIES

A. Grants

The Center received financial assistance from federal, state and local 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 material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Center at June 30, 2002.

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

The Center is not party to any legal proceedings that would have a material impact on the Financial Statements.

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 timeline 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.

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. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 17 - STATUTORY RESERVES

The Center is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	Textbooks	Capital Acquisition	BWC Refunds
Set-aside cash balance as of June 30, 2001	$ (17,084)	$ -	$ 33,001
Current year set-aside requirement	76,949	76,949	-
Transfer to Permanent Improvement capital projects fund	-	-	(33,001)
Qualifying disbursements	(346,218)	(121,417)	-
Total	$(286,353)	$(44,468)	$ -
Cash balance carried forward to FY 2003	$(286,353)	$ -	$ -

Although the Center had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2002, the Center had the following contractual commitments outstanding related to the renovation of the medical/healthcare lab. A summary of the primary contractual commitments follows:

Vendor	Total Contract	Amount Paid	Remaining Commitment at 6/30/02
Aberdeen Construction Co.	$ 76,000	$ -	$ 76,000
Sanford Plumbing	22,500	-	22,500
Tolson Comfort Systems	48,700	7,153	41,547
"Joe" Dickey Electric	55,185	6,735	48,450
Total	$202,385	$13,888	$188,497

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program		10.550		$3,779		$3,779
National School Breakfast Program	2002 05-PU	10.553	3,952		3,952	
National School Lunch Program	2001 LL-P1	10.555	5,939		5,939	
	2001 LL-P4		8,035		8,035	
	2002 LL-P4		38,926		38,926	
Total National School Lunch Program			52,900		52,900	
Total U.S. Department of Agriculture - Nutrition Cluster			**56,852**	**3,779**	**56,852**	**3,779**
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Adult Education- State Grant Program	AB-S1-1998	84.002	0		13	
	AB-S1-2001		24,837		8,074	
	AB-S1-2002		59,892		150,961	
Total Adult Education - State Grant Program			84,729		159,048	
Vocational Education - Basic Grants to States	20-C1-2001	84.048	33,290		5,666	
	20-C1-2002		204,941		209,379	
	20-C2-2001		19,538		11,760	
	20-C2-2002		133,183		120,843	
	20-A0-2002		20,400		23,742	
Total Vocational Education - Basic Grants to States			411,352		371,390	
Eisenhower Professional Development Grant	MS-S1-2002	84.281	1,499		1,665	
Innovative Educational Program Strategies	C2-S1-2002	84.298	1,168		4,027	
Comprehensive School Reform Grant	RF-S2-2001	84.332	50,000		50,000	
	RF-S1-2001		44,906		44,906	
Total Comprehensive School Reform Grant			94,906		94,906	
Federal Pell Grant Program	N/A	84.063	149,401		149,401	
LPDC Research Project	QE-S1-2002	84.336	10,300		10,300	
Total Department of Education			**753,355**		**790,737**	
Totals			**$810,207**	**$3,779**	**$847,589**	**$3,779**

The accompanying notes to this schedule are an integral part of this schedule.

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2002

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B — FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.

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

Columbiana County Career Center
Columbiana County
9364 State Route 45
Lisbon, Ohio 44432

To the Board of Education:

We have audited the financial statements of the Columbiana County Career Center, Columbiana County, (the Career Center) as of and for the year ended June 30, 2002, and have issued our report thereon dated November 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Career Center in a separate letter dated November 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control 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 deducted within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Career Center in a separate letter dated November 15, 2002.

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

Jim Petro
Auditor of State

November 15, 2002

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

Columbiana County Career Center
Columbiana County
9364 State Route 45
Lisbon, Ohio 44432

To the Board of Education:

Compliance

We have audited the compliance of the Columbiana 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, 2002. The Career Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, the Career Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving control over federal compliance that do not require inclusion in this report, that we have reported to management of the Career Center in a separate letter dated November 15, 2002.

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

Jim Petro
Auditor of State

November 15, 2002

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

COLUMBIANA COUNTY CAREER CENTER
COLUMBIANA COUNTY
JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material non-compliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other reportable internal control weakness conditions reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Adult Education (CFDA# 84.002) and Nutrition Cluster (CFDA#10.550, 10.553, 10.555)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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COLUMBIANA CAREER CENTER

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 2, 2003