



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Portage Lakes Career Center, Summit County, (the Center) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the the Center, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2000 on our consideration of the 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 a opinion on the general purpose financial statements of the Center taken as a whole. The accompanying Schedule of Receipts and 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.

**Jim Petro**  
Auditor of State

December 4, 2000

**Portage Lakes Career Center  
Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 2000**

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)	
	General	Special	Revenue	Debt	Service	Capital	Internal	Agency	Expendable	Trust and	General	General		Long-Term
<b>ASSETS AND OTHER DEBITS:</b>														
<b>Assets:</b>														
Equity in Pooled Cash and Investments	\$1,644,642	\$497,245	\$59,310	\$59,310	\$881,573	\$476,543	\$41,701	\$-	\$-	\$-	\$-	\$-	\$-	\$3,701,010
Receivables	2,711,876	-	-	-	-	-	-	-	-	-	-	-	-	2,711,876
Taxes	1,055	2,028	-	-	-	-	84	-	-	-	-	-	-	3,167
Accounts	9,387	-	-	-	-	-	5,400	-	-	-	-	-	-	14,787
Intergovernmental	44,827	-	-	-	-	-	-	-	-	-	-	-	-	44,827
Interfund	367	-	-	-	-	-	-	-	-	-	-	-	-	367
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Materials and Supplies</b>														
Inventory	11,855	-	-	-	-	-	-	-	-	-	-	-	-	11,855
Prepaid Items	6,269	-	-	-	-	-	-	-	-	-	-	-	-	6,269
<b>Restricted Assets:</b>														
Equity in Pooled Cash and Investments	522,148	-	-	-	-	-	-	-	-	-	-	-	-	522,148
Fixed Assets	-	-	-	-	-	-	-	-	-	-	7,153,930	-	-	7,153,930
<b>Other Debits:</b>														
Amount Available in Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	59,310	59,310
Fund for Retirement of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-term Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<del>\$4,952,426</del>	<del>\$499,273</del>	<del>\$59,310</del>	<del>\$59,310</del>	<del>\$981,571</del>	<del>\$476,541</del>	<del>\$47,185</del>	<del>\$7,153,930</del>	<del>\$47,185</del>	<del>\$910,007</del>	<del>\$910,007</del>	<del>\$50,637</del>	<del>\$50,637</del>	<del>\$15,080,243</del>

(Continued)

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Internal Service	Expendable Trust and Agency	General Fixed Assets	General Long-Term Obligations	General	Totals	
LIABILITIES, FUND EQUITY AND OTHER CREDITS:											
Liabilities:											
Accounts Payable	\$19,311	\$23,266	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$42,577	
Accrued Wages and Benefits	531,580	25,952	-	-	-	-	-	-	-	557,532	
Compensated Absences	18,081	-	-	-	-	-	-	-	638,329	656,410	
Intergovernmental Payable	56,342	1,852	-	-	-	-	-	-	-	60,194	
Interfund Payable	-	43,165	-	-	-	1,662	-	-	-	44,827	
Due to Others	-	-	-	-	-	27,066	-	-	-	27,066	
Deferred Revenue	2,654,995	-	-	-	-	-	-	-	-	2,654,995	
Claims Payable	-	-	-	-	64,739	-	-	-	-	64,739	
Capital Lease Payable	-	-	-	-	-	-	-	75,678	-	75,678	
Bonds Payable	-	-	-	-	-	-	-	106,000	-	106,000	
Total Liabilities	3,282,309	94,235	-	-	64,739	28,728	-	610,007	-	4,390,019	

(Continued)

The accompanying notes are an integral part of these statements.



Portage Lakes Career Center  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Internal Service	Expendable Trust and Agency	General	Fixed Assets	Long-Term Obligations	General		Totals	
										General	Fixed Assets		
Fund Equity and Other Credits:													
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	7,153,930
Retained Earnings - Unreserved	-	-	-	-	411,802	-	-	-	-	-	-	-	411,802
Fund Balances													
Reserved for Property Taxes	56,881	-	-	-	-	-	-	-	-	-	-	-	56,881
Reserved for Encumbrances	93,122	56,895	-	-	-	3,813	-	-	-	-	-	-	153,830
Reserved for Inventory	11,855	-	-	-	-	-	-	-	-	-	-	-	11,855
Reserved for Prepaid Items	6,269	-	-	-	-	-	-	-	-	-	-	-	6,269
Reserved for Budget Stabilization	133,926	-	-	-	-	-	-	-	-	-	-	-	133,926
Reserved for Textbooks & Instructional Items	194,111	-	-	-	-	-	-	-	-	-	-	-	194,111
Reserved for Capital Improvements	194,111	-	-	-	-	-	-	-	-	-	-	-	194,111
Unreserved - Undesignated	270,842	342,143	59,310	281,571	-	14,644	-	-	-	-	-	-	2,382,510
Total Fund Equity and Other Credits	1,670,117	405,038	59,310	281,571	411,802	18,457	2,152,830	-	-	-	-	-	10,200,228
Total Liabilities, Fund Equity and Other Credits	\$1,952,426	\$406,273	\$59,310	\$281,571	\$476,541	\$17,195	\$2,152,830	\$910,007	\$15,080,242				

The accompanying notes are an integral part of these statements.

**Portage Lakes Career Center**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
					Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUE:						
Taxes	\$2,668,086	\$-	\$-	\$-	\$-	\$2,668,086
Tuition and Fees	-	334,575	-	-	-	334,575
Intergovernmental	3,204,987	806,534	-	-	-	4,011,521
Interest	157,528	-	-	-	14,528	172,056
Extracurricular Activities	-	8,549	-	-	-	8,549
Other	629,528	26,909	-	-	-	656,437
Classroom Materials & Fees	49,889	135	-	-	-	50,024
Total Revenues	<u>6,710,018</u>	<u>1,176,702</u>	<u>-</u>	<u>-</u>	<u>14,528</u>	<u>7,901,248</u>
EXPENDITURES:						
Current						
Instruction						
Regular	313,201	-	-	-	-	313,201
Special	66,531	-	-	-	16,781	83,312
Vocational	2,735,150	113,270	-	-	-	2,848,420
Adult/Continuing	-	799,000	-	-	-	799,000
Other	30,000	-	-	-	-	30,000
Support Services						
Pupil	321,744	86,546	-	-	-	408,290
Instructional Staff	211,369	41,127	-	-	-	252,496
Board of Education	23,924	-	-	-	-	23,924
Administration	540,918	13,349	-	-	-	554,267
Fiscal	327,234	-	-	-	-	327,234
Operation and Maintenance of Plant	555,178	-	-	-	-	555,178
Pupil Transportation	6,381	-	-	-	-	6,381
Central	37,298	36,999	-	-	-	74,297
Extracurricular Activities	576	10,921	-	-	-	11,497
Debt Service						
Principal and Interest Retirement	53,509	-	61,685	-	-	115,194
Other Expenditures	568,333	-	-	-	-	568,333
Capital Outlay	7,407	-	-	-	-	7,407
Total Expenditures	<u>5,798,753</u>	<u>1,101,212</u>	<u>61,685</u>	<u>-</u>	<u>16,781</u>	<u>6,978,431</u>
Revenues Over (Under)						
Expenditures	<u>911,265</u>	<u>75,490</u>	<u>(61,685)</u>	<u>-</u>	<u>(2,253)</u>	<u>922,817</u>

(Continued)

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
					Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
OTHER FINANCING SOURCES (USES):						
Sale of Fixed Assets	\$3,434	\$-	\$-	\$-	\$-	\$3,434
Operating Transfers - In	709	100,010	59,310	200,000	-	360,029
Operating Transfers - Out	(256,825)	(46,091)	-	-	-	(302,916)
Refund of Prior Year's Expense	3,472	54	-	-	-	3,526
Refund of Prior Year's Receipts	-	(5,325)	-	-	-	(5,325)
Total Other Financing Sources (Uses)	<u>(249,210)</u>	<u>48,648</u>	<u>59,310</u>	<u>200,000</u>	<u>-</u>	<u>58,748</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	662,055	124,138	(2,375)	200,000	(2,253)	981,565
Fund Balances at Beginning of Year	1,007,611	280,900	61,685	781,571	20,710	2,152,477
Decrease in Reserve for Inventory	<u>451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451</u>
Fund Balances at End of Year	<u><u>\$1,670,117</u></u>	<u><u>\$405,038</u></u>	<u><u>\$59,310</u></u>	<u><u>\$981,571</u></u>	<u><u>\$18,457</u></u>	<u><u>\$3,134,493</u></u>

The accompanying notes are an integral part of these statements.

**Portage Lakes Career Center**  
**Combined Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget Basis and Actual**  
**All Governmental Fund Types and Similar Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 2,641,109	\$ 2,676,855	\$ 35,746
Tuition and Fees	1,575	491	(1,084)
Intergovernmental	3,197,668	3,195,599	(2,069)
Interest	150,000	160,323	10,323
Extracurricular Activities	-	-	0
Classroom Materials & Fees	57,662	56,324	(1,338)
Other	672,853	635,774	(37,079)
<b>Total Revenues</b>	<u>6,720,867</u>	<u>6,725,366</u>	<u>4,499</u>
<b>EXPENDITURES:</b>			
Current			
Instruction			
Regular	335,318	324,894	10,424
Special	80,007	68,107	11,900
Vocational	3,007,420	2,901,142	106,278
Adult Continuing	-	-	-
Other	39,009	30,952	8,057
Support Services			
Pupil	344,067	331,738	12,329
Instructional Staff	242,775	221,014	21,761
Board of Education	33,280	26,241	7,039
Administration	614,835	551,819	63,016
Fiscal	355,376	330,237	25,139
Operation and Maintenance of Plant	752,383	573,404	178,979
Pupil Transportation	10,825	6,346	4,479
Central	51,918	37,139	14,779
Food Service Operations	-	-	-
Extracurricular Activities	2,200	577	1,623
Capital Outlay	40,000	7,406	32,594
Other	509,023	509,023	-
Debt Service			
Principal Retirement and Interest	112,819	112,819	-
<b>Total Expenditures</b>	<u>6,531,255</u>	<u>6,032,858</u>	<u>498,397</u>
<b>Revenues Over (Under) Expenditures</b>	<u>189,612</u>	<u>692,508</u>	<u>502,896</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Fixed Assets	1,000	3,434	2,434
Advances - In	45,850	46,772	922
Advances - Out	(66,000)	(45,749)	20,251
Refund of Prior Year Expenditures	3,828	3,119	(709)
Refund of Prior Year Receipt	(1,000)	-	1,000
Operating Transfers - In	709	709	-
Operating Transfers - Out	(262,170)	(256,825)	5,345
<b>Total Other Financing Sources (Uses)</b>	<u>(277,783)</u>	<u>(248,540)</u>	<u>29,243</u>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(88,171)</u>	<u>443,968</u>	<u>532,139</u>
<b>Fund Balances at Beginning of Year</b>	<u>1,547,881</u>	<u>1,547,881</u>	<u>-</u>
<b>Prior Year Encumbrances</b>	<u>69,175</u>	<u>69,175</u>	<u>-</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,528,885</u>	<u>\$ 2,061,024</u>	<u>\$ 532,139</u>

The accompanying notes are an integral part of these statements.

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
317,955	334,576	16,621	-	-	-
851,892	806,533	(45,359)	-	-	-
-	-	0	-	-	-
8,338	6,549	(1,789)	-	-	-
135	135	0	-	-	-
49,000	26,909	(22,091)	59,310	59,310	-
<u>1,227,320</u>	<u>1,174,702</u>	<u>(52,618)</u>	<u>59,310</u>	<u>59,310</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
142,918	142,501	417	-	-	-
814,621	814,621	-	-	-	-
-	-	-	-	-	-
91,843	91,843	-	-	-	-
53,988	50,134	3,854	-	-	-
-	-	-	-	-	-
13,313	13,313	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
39,541	39,541	-	-	-	-
-	-	-	-	-	-
12,356	10,922	1,434	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	61,685	61,685	-
<u>1,168,580</u>	<u>1,162,875</u>	<u>5,705</u>	<u>61,685</u>	<u>61,685</u>	<u>-</u>
<u>58,740</u>	<u>11,827</u>	<u>(46,913)</u>	<u>(2,375)</u>	<u>(2,375)</u>	<u>-</u>
1,500	-	(1,500)	-	-	-
43,996	44,088	92	-	-	-
(45,955)	(45,955)	-	-	-	-
26	26	-	-	-	-
(6,296)	(5,323)	973	-	-	-
106,335	100,010	(6,325)	59,310	-	(59,310)
(46,091)	(46,091)	-	-	-	-
<u>53,515</u>	<u>46,755</u>	<u>(6,760)</u>	<u>59,310</u>	<u>-</u>	<u>(59,310)</u>
112,255	58,582	(53,673)	56,935	(2,375)	(59,310)
345,455	345,455	-	-	-	-
14,827	14,827	-	61,685	61,685	-
<u>\$ 472,537</u>	<u>\$ 418,864</u>	<u>\$ (53,673)</u>	<u>\$ 118,620</u>	<u>\$ 59,310</u>	<u>\$ (59,310)</u>

**Portage Lakes Career Center**  
**Combined Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget Basis and Actual**  
**All Governmental Fund Types and Similar Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**  
**(Continued)**

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Tuition and Fees	-	-	-
Intergovernmental	-	-	-
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Other	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current			
Instruction			
Regular	-	-	-
Special	-	-	-
Vocational	-	-	-
Adult Continuing	-	-	-
Other	-	-	-
Support Services			
Pupil	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	-	-	-
Central	-	-	-
Food Service Operations	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Other	-	-	-
Debt Service			
Principal Retirement and Interest	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Fixed Assets	-	-	-
Advances - In	-	-	-
Advances - Out	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipt	-	-	-
Operating Transfers - In	200,000	200,000	-
Operating Transfers - Out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	200,000	200,000	-
Fund Balances at Beginning of Year	781,751	781,751	-
Prior Year Encumbrances	-	-	-
<b>Fund Balance at End of Year</b>	<u>\$ 981,751</u>	<u>\$ 981,751</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 2,641,109	\$ 2,676,855	\$ 35,746
-	-	0	319,530	335,067	15,537
19,428	19,428	0	4,068,988	4,021,560	(47,428)
-	-	0	150,000	160,323	10,323
-	-	0	8,338	6,549	(1,789)
-	-	0	57,797	56,459	(1,338)
100	-	(100)	781,263	721,993	(59,270)
19,528	19,428	(100)	8,027,025	7,978,806	(48,219)
-	-	-	335,318	324,894	10,424
-	-	-	80,007	68,107	11,900
32,233	20,593	11,640	3,182,571	3,064,236	118,335
-	-	-	814,621	814,621	-
-	-	-	39,009	30,952	8,057
-	-	-	435,910	423,581	12,329
-	-	-	296,763	271,148	25,615
-	-	-	33,280	26,241	7,039
-	-	-	628,148	565,132	63,016
-	-	-	355,376	330,237	25,139
-	-	-	752,383	573,404	178,979
-	-	-	10,825	6,346	4,479
-	-	-	91,459	76,680	14,779
-	-	-	-	-	-
-	-	-	14,556	11,499	3,057
-	-	-	40,000	7,406	32,594
-	-	-	509,023	509,023	-
-	-	-	174,504	174,504	-
32,233	20,593	11,640	7,793,753	7,278,011	515,742
(12,705)	(1,165)	11,540	233,272	700,795	467,523
-	-	-	2,500	3,434	934
-	-	-	89,846	90,860	1,014
-	-	-	(111,955)	(91,704)	20,251
-	-	-	3,854	3,145	(709)
-	-	-	(7,296)	(5,323)	1,973
-	-	-	366,354	300,719	(65,635)
-	-	-	(308,261)	(302,916)	5,345
-	-	-	35,042	(1,785)	(36,827)
(12,705)	(1,165)	11,540	268,314	699,010	430,696
12,660	12,660	-	2,687,747	2,687,747	-
3,149	3,149	-	148,836	148,836	-
\$ 3,104	\$ 14,644	\$ 11,540	\$ 3,104,897	\$ 3,535,593	\$ 430,696

Portage Lakes Career Center  
 Combined Statement of Revenues, Expenses and Changes in  
 Retained Earnings - Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2000

	<u>Internal Service</u>
OPERATING REVENUES:	
Charges for Services	<u>\$677,848</u>
Total Operating Revenues	<u>677,848</u>
OPERATING EXPENSES:	
Claims	<u>663,504</u>
Total Operating Expenses	<u>663,504</u>
Operating Income	14,344
Retained Earnings at Beginning of Year	<u>397,458</u>
Retained Earnings at End of Year	<u><u>\$411,802</u></u>

The accompanying notes are an integral part of these statements.



Portage Lakes Career Center  
 Combined Statement of Revenues, Expenditures, and Changes  
 in Fund Equity - Budget Basis and Actual  
 Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2000

	<u>Internal Service Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Other	<u>\$ 700,000</u>	<u>\$ 678,152</u>	<u>\$ (21,848)</u>
EXPENSES:			
Claims	<u>690,200</u>	<u>666,673</u>	<u>23,529</u>
Revenues Over Expenditures	9,800	11,479	1,679
Fund Equity at Beginning of Year	465,062	465,062	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity at End of Year	<u>\$ 474,862</u>	<u>\$ 476,541</u>	<u>\$ 1,679</u>

The accompanying notes are an integral part of these statements.

Portage Lakes Career Center  
 Combined Statement of Cash Flows  
 Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2000

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Internal Service Fund
Cash flows from operating activities:	
Operating income	\$ 14,344
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in assets and liabilities that increase (decrease) cash flow from operations	
Accounts receivable	304
Claims payable	(3,169)
	11,479
Net cash provided by operating activities	11,479
Net increase in cash and cash equivalents	11,479
Cash and cash equivalents at beginning of year	465,062
Cash and cash equivalents at end of year	\$ 476,541

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Description of the Entity

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

Average daily membership (ADM) as of October 1, 1999 was 520. The Career Center employed 66 certificated employees and 17 non-certificated employees.

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

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

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Fund Accounting - Continued

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

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

Proprietary Fund Type:

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

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

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

Fiduciary Fund Types:

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Fund Accounting - 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 a general nature, the following account groups are used:

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

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

3. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Measurement Focus and Basis of Accounting - Continued

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

The Career Center reports deferred revenues on its combined balance sheet. Deferred revenues arise in the governmental funds when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes that are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue as more fully described in Note C.

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

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modification at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for rate determination.

Estimated Resources:

Prior to 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 Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year.



**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Budgetary Data – Continued

Estimated Resources - Continued

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

Appropriations:

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Budgetary Data - Continued

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the budget basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balances for subsequent year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds. At year end, the Career Center's transfers in/out did not agree by \$2,197 on a non-GAAP budgetary basis. This is a result of agency fund activity which is not disclosed in the financial statements.

Lapsing of Appropriations:

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

Budgetary Basis of Accounting:

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Budgetary Data - Continued

Budgetary Basis of Accounting - Continued

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

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types and Similar Trust Funds**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$662,055	\$124,138	\$(2,375)	\$ 200,000	\$ (2,253)
Net Adjustment for Revenue Accruals	15,358	(2,000)	59,310	-0-	4,900
Net Adjustment for Expenditure Accruals	(293,419)	(61,663)	-0-	-0-	(3,812)
Other	58,951	(26)	(59,310)	-0-	-0-
Advances - In	46,772	44,088	-0-	-0-	-0-
Advances - Out	(45,749)	(45,955)	-0-	-0-	-0-
Budget Basis	<u>\$443,968</u>	<u>\$ 58,582</u>	<u>\$(2,375)</u>	<u>\$ 200,000</u>	<u>\$ (1,165)</u>

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Budgetary Data - Continued

Budgetary Basis of Accounting - Continued

<b>Operating Income/ Revenue Over Expenses Proprietary Fund Type</b>	Internal Service
GAAP Basis	\$14,344
Net Adjustment for Revenue Accruals	304
Net Adjustment for Expense Accruals	(3,169)
Budget Basis	\$11,479

5. Equity in Pooled Cash and Investments

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

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

Legal Requirements:

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

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

Inactive deposits are public deposits that the Career Center has identified as not required for use within the current two year period of designation of depositories.

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Equity in Pooled Cash and Investments - Continued

Inactive deposits must be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentally, included but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. Equity in Pooled Cash and Investments – Continued
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time, and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least nationally recognized rating agencies.

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

During fiscal year 2000, the Career Center's investments were limited to certificates of deposit and repurchase agreements. During the fiscal year, all investments of the Career Center had a maturity of two years or less.

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."

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. Equity in Pooled Cash and Investments - Continued

Deposits:

At year end, the carrying amount of the Career Center's cash deposits was \$3,788,158 and the bank balance was \$4,005,230. Of the bank balance:

1. \$200,000 was covered by the federal depository insurance.
2. \$3,805,230 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the Career Center to a successful claim by the FDIC.

Investments:

The Career Center's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Career Center or its agent in the Career Center's name. Category 2 includes uninsured or unregistered investments which are held by the counterparty's trust department or agent in the Career Center's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Career Center's name.

	Category 1	Category 2	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$ 0	\$ 0	\$435,000	<u>\$435,000</u>	<u>\$435,000</u>
Total Investments				<u>\$435,000</u>	<u>\$435,000</u>

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. Equity in Pooled Cash and Investments - Continued

Investments: - Continued

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$ 4,223,158	\$ -0-
Investments:		
Repurchase Agreement	(435,000)	435,000
GASB Statement No. 3	\$ 3,788,158	\$ 435,000

6. Inventory

Inventories of governmental funds are stated at cost. Cost is determined on a first in, first-out basis and is maintained on the Career Center's computer system. Inventory in governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory are equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.



**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Fixed Assets and Depreciation

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Assets in the General Fixed Assets Account Group are not depreciated.

8. Intergovernmental Revenues

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

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Career Development

Full Service Center

Teacher Development

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. Intergovernmental Revenues - Continued

Special Revenue Funds - Continued

Adult Education

Management Information Systems

Adult Basic Education

Special Needs

Title VI

Grants and entitlements totaled approximately 50% of the Career Center's operating revenue during the 2000 fiscal year.

9. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items.

10. Interfund Assets/Liabilities

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

11. Restricted Assets

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

12. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employee for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation as time earned for all employees with more than one year of service.

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Compensated Absences

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

For governmental funds, the current portion of unpaid compensated absences is the amount currently funded. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group.

13. Long-Term Obligations

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

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

14. Interfund Transactions

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

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Fund Balance Reserves

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

16. Estimates

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

17. Total Columns on General Purpose Financial Statements

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

NOTE B - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - FUND DEFICITS

Fund balances at June 30, 2000 included the following individual fund deficits.

DEFICIT FUND BALANCES

Special Revenue Funds

Career Development	\$ 12,508
Special Needs Grant	27,345

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

**NOTE B - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - FUND DEFICITS –  
Continued**

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

**NOTE C - PROPERTY TAX**

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

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

The full tax rate applied to real property for tax (calendar) year 1999 was \$4.35 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.15 per \$1,000 of assessed valuation for real property classification as residential/agricultural and \$2.13 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Career Center by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax (calendar) year 1999 was \$4.35 per \$1,000 of assessed valuation.

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE C - PROPERTY TAX - Continued

The assessed values upon which the fiscal year 2000 taxes were collected are:

Real Property - 1999 Valuation	
Residential/Agricultural	\$ 850,648,670
Commercial/Industrial	197,964,640
Tangible Personal Property - 2000 Valuation	
General	115,872,563
Public Utilities	54,580,060
Total Valuation	<u><u>\$1,219,065,933</u></u>

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance prior to year end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 and recognized as revenue was \$56,881.

NOTE D - RISK MANAGEMENT

1. Property Insurance

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)**

NOTE D - RISK MANAGEMENT - Continued

2. Self-Insurance

The Career Center has established a medical self-insurance fund which is accounted for in an internal service fund. The purpose of this fund is to pay medical and dental claims of the Career Center's employees and their covered dependents and minimize the total cost of medical insurance to the Career Center. For the plan year ended June 30, 2000, medical claims exceeding \$30,000 per covered individual, per year, or the greater of \$582,660, or 90% of the first monthly aggregate deductible for a policy year multiplied by 12, are covered through private insurance carriers. The Self-Insurance Fund is funded by expenditures for health insurance out of the General Fund.

The claims liability of \$64,739 reported in the fund at June 30, 2000 is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability amount in fiscal year 2000 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2000	\$ 67,908	\$ 660,335	\$ 663,504	\$ 64,739
1999	49,319	698,502	679,913	67,908

3. OSBA Group Rating Program

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

(Continued)

NOTE D - RISK MANAGEMENT - Continued

3. OSBA Group Rating Program - Continued

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

NOTE E - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2000 follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2000</u>
Land and Buildings	\$4,278,113	\$ 0	\$ 0	\$4,278,113
Furniture and Equipment	2,865,509	161,970	182,212	2,845,267
Vehicles	<u>30,550</u>	<u>0</u>	<u>0</u>	<u>30,550</u>
Total	<u>\$7,174,172</u>	<u>\$ 161,970</u>	<u>\$ 182,212</u>	<u>\$7,153,930</u>



**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)**

NOTE F - LONG-TERM OBLIGATIONS

Long-term obligations of the Career Center as of June 30, 2000 were as follows:

	<u>Outstanding July 1, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2000</u>
Energy Conservation Bonds, Series, 1993, 4.75	\$ 246,000	\$ 0	\$ 50,000	\$ 196,000
Capital Lease Obligation	122,527	0	46,849	75,678
Compensated Absences	<u>542,441</u>	<u>95,888</u>	<u>-0-</u>	<u>638,329</u>
Totals	<u>\$ 910,968</u>	<u>\$ 95,888</u>	<u>\$ 96,849</u>	<u>\$ 910,007</u>

Principal and interest requirements to retire Energy Conservation Bonds outstanding at June 30, 2000 are as follows:

June 30, 2001	\$59,310
June 30, 2002	56,935
June 30, 2003	54,560
June 30, 2004	<u>48,185</u>
	<u>\$ 218,990</u>

NOTE G - RETIREMENT PLANS

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE G - RETIREMENT PLANS - Continued

1. State Teachers' Retirement System (STRS)

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

For fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 6 percent (6% in 1999) was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Career Center's required contributions for pension obligation to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$434,620, \$441,250, and \$439,016, respectively; 89 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$49,948, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the General Fund.

2. School Employees Retirement System (SERS)

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE G - RETIREMENT PLANS - Continued

2. School Employees Retirement System (SERS) - Continued

Plan members are required to contribute 9 percent of their annual covered salary, and the Career Center is required to contribute 14 percent; 5.5 percent (7.7 percent in 1999) is the portion used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$91,236, \$86,367, and \$82,444, respectively; 100 percent has been contributed for fiscal years 2000, 1999 and 1998.

3. Post-Employment Benefits

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 (the latest information available).

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE G - RETIREMENT PLANS – Continued

3. Post-Employment Benefits - Continued

For the fiscal year, employer contributions to fund health care benefits were 8.5 percent (6.3% in 1999) 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 2000, the minimum pay was established at \$12,400. The number of participants currently receiving health care benefits is 51,000. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$126,380,984, the latest information available.

NOTE H - JOINTLY GOVERNED ORGANIZATIONS

1. Northeast Ohio Network for Educational Technology (NEONET)

NEONET is a jointly governed organization created as a regional council of governments made up of public school districts and county boards of education from Summit and Portage Counties. The primary function of NEONET is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEONET include pupil scheduling, registration, grade reporting and test scoring. Each member district pays an annual fee for the services provided by NEONET. The Career Center paid \$4,381 to NEONET in fiscal year 2000 for services. NEONET is governed by a Board of Directors comprised of each Superintendent within the organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of NEONET is limited to its voting authority and any representation it may have on the Board of Directors. The continued existence of NEONET is not dependent on the Career Center's continued participation and no equity interest exists.

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

NOTE H - JOINTLY GOVERNED ORGANIZATIONS – Continued

2. Interval Opportunity School

The Interval Opportunity School (the School) is a jointly governed organization made up of six area public school districts. The function of the School is to provide “at risk students” with possibly a last and a better opportunity to succeed in both their academic and social maturation. Each member district pays an annual fee based on the number of students serviced by the school. The Career Center paid \$4,000 to the School in fiscal year 2000 for services. The School is governed by a Board of Directors comprised of each Superintendent from Coventry, Green and the Career Center. The Coventry Local School District serves as the fiscal agent of the School. The continued existence of the School is not dependent on the Career Center’s continued participation and no equity interest exists.

NOTE I – CAPITAL LEASE OBLIGATION

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

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2000.

<u>Year</u>	
2001	\$ 53,508
2002	<u>26,756</u>
Total minimum lease payments	80,264
Less: amount representing interest	<u>(4,586)</u>
Present value of future minimum lease payments	<u><u>\$ 75,678</u></u>

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)**

NOTE J – INTERFUND ACTIVITY

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

Fund Type/Fund	Receivables	Payables
General Fund	\$ 44,827	\$ 0
Special Revenue Funds		
Pupil Support	0	55
Career Development	0	12,670
Full Service Center Grant	0	3,000
Vocational Education	0	27,440
Total Special Revenue Fund	0	43,165
Agency Funds		
Financial Aid	0	1,534
Student Activities	0	128
Total Agency Funds	0	1,662
Total All Funds	\$ 44,827	\$ 44,827

NOTE K – STATE SCHOOL FUNDING DECISIONS

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000 the Portage Lakes Career Center received \$2,544,022 of school foundation support for its general fund.

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**June 30, 2000**

**(Continued)**

**NOTE K - STATE SCHOOL FUNDING DECISIONS - Continued**

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

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

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

**NOTE L - CONTINGENCIES**

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

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

(Continued)

NOTE M - SET-ASIDES - Continued

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

Set-aside requirements for fiscal year 2000 are as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 1999	\$ 96,798	\$ 96,798	\$ 83,441	\$277,037
Current Year Set-Aside Requirement	97,313	97,313	50,485	245,111
Qualifying Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 194,111</u>	<u>\$ 194,111</u>	<u>\$ 133,926</u>	
Set-Aside Cash Balance as of June 30, 2000	<u>\$ 194,111</u>	<u>\$ 194,111</u>	<u>\$ 133,926</u>	
Total Restricted Assets				<u>\$522,148</u>



**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000  
Cash Basis

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	RECEIPTS	EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION (Direct)</b>				
<b>Student Financial Aid Cluster:</b>				
Federal Pell Grant Program	84.063	N/A	\$75,632	\$75,632
Total Federal Pell Grant Program			75,632	75,632
Federal Direct Loan Program	84.268	N/A	243,893	243,893
Total U.S. Department of Education Direct			319,525	319,525
<b>(Pass-through State Department of Education)</b>				
Vocational Education - Basic Grant to State	84.048	VESP-CG2000 VESP-CG99 VECPH-S99 VECPH-S2000 VECPH-A99 VECPH-A99 VESE-STW99	8,500 7,218 15,119 96,783 6,594 44,539 7,171	10,000 0 0 114,863 0 52,399 0
Total Vocational Education - Basic Grant to State			185,924	177,262
Title VI	84.151	C2-S1-99	0	877
Total Title VI			0	877
Eisenhower Professional Development Grant	84.281	MS-S1-99C	1,169	0
Total Eisenhower Professional Development Grant			1,169	0
Innovative Education Program Strategies	84.298	C2-S1-99C C2-S1-2000	319 783	222 159
			1,102	381
Total Pass-through State Department of Education			188,195	178,520
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>507,720</b>	<b>498,045</b>
<b>U.S. DEPARTMENT OF DEFENSE (Direct)</b>				
Air Force R.O.T.C. Grant	N/A	N/A	66,582	63,621
<b>U.S. DEPARTMENT OF HEALTH and HUMAN SERVICES (Pass-through State Department of Education)</b>				
JOBS Reimbursement Program	93.561	N/A	54,222	55,761
<b>TOTALS</b>			<b>\$628,524</b>	<b>\$617,427</b>

The accompanying notes are an integral part of this schedule.

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**NOTE TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



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

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

To the Board of Education:

We have audited the general purpose financial statements of the Portage Lakes Career Center, Summit County, (the Center) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 an immaterial instance of noncompliance that we have reported to management of the Center in a separate letter dated December 4, 2000.

**Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Center in a separate letter dated December 4, 2000.

Portage Lakes Career Center  
Summit County  
Report of Independent Accountants on Compliance and on  
Internal Control Required By *Government Auditing Standards*  
Page 48

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

**Jim Petro**  
Auditor of State

December 4, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Portage Lakes Career Center, Summit County, (the 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, 2000. The Center's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 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 Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

The management of the 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 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.

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

**Jim Petro**  
Auditor of State

December 4, 2000

**PORTAGE LAKES CAREER CENTER  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**JUNE 30, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**PORTAGE LAKES CAREER CENTER**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 9, 2001**