

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

DBA PENTA CAREER CENTER

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Penta County Joint Vocational School District
30095 Oregon Road
Perrysburg, Ohio 43551

We have reviewed the Independent Auditor's Report of the Penta County Joint Vocational School District, Wood County, prepared by Weber O'Brien, Ltd., for the audit period July 1, 2002 to June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 13, 2004

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PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER

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PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 30095 Oregon Road
 Perrysburg, Ohio 43551

**ELECTED OFFICIALS AND
 ADMINISTRATIVE PERSONNEL
 AS OF JUNE 30, 2003**

<u>Name</u>	<u>Title</u>	<u>Term of Office or Contract Period</u>	<u>Surety</u>	<u>Amount</u>
BOARD OF EDUCATION				
Penelope Getz	President	1/01/02 to 12/31/03	(A)	\$20,000
Judith Sander	Vice President	1/01/02 to 12/31/03	-	-
Eric Myers	Member	1/01/02 to 12/31/03	-	-
Judy Hansen	Member	1/01/03 to 12/31/04	-	-
Sandy Bringman	Member	4/11/03 to 12/31/04	-	-
Kathy Limes	Member	1/01/03 to 12/31/04	-	-
Pat Curtin	Member	1/01/03 to 12/31/04	-	-
Joe Rutherford	Member	1/01/03 to 12/31/03	-	-
Rex Palmer	Member	1/01/02 to 12/31/03	-	-
Mark Schoenlein	Member	1/01/03 to 12/31/04	-	-
Michael Spahr	Member	1/01/02 to 12/31/03	-	-

LEGAL COUNSEL

Cooper & Walinski
 900 Adams Street
 P.O. Box 1568
 Toledo, Ohio 43603

ADMINISTRATIVE PERSONNEL

Fred Susor	Superintendent	8/01/00 to 7/31/03 8/01/04 to 7/31/06	(A)	\$20,000
Carrie Herringshaw	Treasurer	1/12/00 to Organizational Meeting 2004	(A)	\$100,000

(A) Nationwide Insurance

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER

INDEX OF FUNDS

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund
Special Rotary Fund
Local Grants Fund
Media Materials Fund

Special Revenue Fund Type:

Adult Education Fund
Adult Basic Literacy Education Fund
Bureau of Vocational Rehabilitation Contract Services Fund
Career Development Fund
Education Management Information System (EMIS) Fund
Eisenhower Professional Development Fund
Goals 2000 Grant Fund
Jobs Grant Fund
School-To-Work Fund
Professional Development Block Grant Fund
Supplemental Educational Opportunity Grant (SEOG) Fund
Skill Center Food Service Fund
Title VI Innovative Education Fund
Tech Preparation Expanded Enrollment Fund
UAW Ford Fund
Vocational Education Fund
Wellness Block Grant Fund
IVDL Grant Fund
OneNet Grant Fund
School Net Professional Development Fund
Full Service Center
High School Food Service Fund
Uniform School Supplies Fund

Capital Projects Fund Type:

Permanent Improvements Fund

FIDUCIARY FUND TYPE:

Trust and Agency Fund Types:

Expendable Trust Funds:

Harpster Trust Fund
Adult Education SBM
Graphics Trust Fund
Ayes Tool Scholarship Fund

Nonexpendable Trust Funds:

Hirzel Scholarship Foundation Fund

Agency Funds:

Pell Grant Fund
Student Activities Fund



INDEPENDENT AUDITORS' REPORT

Board of Education
Penta County Joint Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta County Joint Vocational School District dba Penta Career Center ("Career Center"), an Ohio Vocational School District, as of and for the year ended June 30, 2003, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Penta County Joint Vocational School District dba Penta Career Center as of June 30, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 3, the Career Center has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis-For State and Local Governments*, as of and for the year ended June 30, 2003.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and pages 43 through 44 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2003 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Penta County Joint Vocational School District dba Penta Career Center's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis

as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Webster D. Brown, LTD.

December 11, 2003

**Penta County Joint Vocational School District
dba Penta Career Center**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

The discussion and analysis of Penta Career Center's financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

HIGHLIGHTS

Key highlights for fiscal year 2003 are as follows:

The Career Center serves the Anthony Wayne, Benton-Carroll-Salem, Bowling Green, Eastwood, Elmwood, Genoa, Lake, Maumee, North Baltimore, Northwood, Otsego, Perrysburg, Rossford, Springfield, Swanton, and Woodmore school districts within a seven county area. A property tax levy of 2.0 effective mills is generated from the property owners within these school districts to fund general operations. For fiscal year 2003, this levy generated \$8,948,085 in property tax revenues.

Over the past several years, the Career Center began the planning to build a new campus. A consulting firm was hired which recommended that a new facility be constructed rather than renovating the current campus. The recommendation was based on several factors including space limitations, new educational requirements from the State of Ohio, safety issues, future program initiatives, and infrastructure issues. Land has been purchased and contracts issued for an architect and construction manager. In June 2003, the community-wide Vision Planning Process was completed to identify and prioritize goals. A 1-mill property tax levy was placed on the November 2003 ballot to construct the new campus and was passed by the voters.

The Career Center's Adult Education Division and Owens Community College's Workforce and Community Services Division have entered into a partnership, establishing an Online Information Technology (IT) Academy. With this agreement, the Career Center and Community College become the first partnership in Ohio to offer a computer skilled training program using the latest technological advancements in online education. The collaboration was initiated through the Ohio Higher Skills Partnership program, which was established by the Ohio Department of Education and the Ohio Board of Regents. The partnership increases the market share in the area of computer training and certification. The new Online IT Academy program offers nine computer-training courses to the public and is available 24 hours a day by accessing the Web site.

The Board of Education and staff members of the Career Center have adopted the High Schools That Work (HSTW) initiative. HSTW is a school-improvement model for high school administrators and teachers designed to raise student achievement and improve the way high school students are prepared for work and further education. For fiscal year 2003, the Career Center adopted two major goals: 1) improve student learning experiences and performance through cluster reorganization of the career-technical and academic teams, and 2) design and deliver student instruction that actively engages students in the learning process. Some of the cluster activities include the development of a Preschool Health and Safety Fair; increased job-shadowing experiences for students enrolled in Business, Marketing, and Arts and Communication programs; and an Intervention Program to assist students in mastering academic and career-technical skills.

Students at the Career Center participate in various efforts to raise funds for charitable organizations. For fiscal year 2003, the students raised over \$6,900 for various non-profit organizations including the Sunshine Foundation, Inc., Special Olympics, Heifer International, Aurora House, and United Way.

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Penta Career Center's financial position and changes in financial position.

The statement of net assets and the statement of activities provide information about the activities of the Career Center as a whole, presenting both an aggregate and a longer-term view of the Career Center.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Career Center's most significant funds individually and the Career Center's non-major funds aggregated in a single column. The Career Center's major funds are the General Fund and Permanent Improvement capital projects fund.

REPORTING THE CAREER CENTER AS A WHOLE

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2003. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Career Center's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the Career Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors can include changes in the Career Center's property tax base and the condition of the Career Center's capital assets. These factors must be considered when assessing the overall health of the Career Center.

In the statement of net assets and the statement of activities, the Career Center reports governmental activities. All of the Career Center's programs and services are reported here, including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

REPORTING THE CAREER CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the Career Center's major funds. The Career Center's major governmental funds are the General Fund and Permanent Improvement capital projects fund. While the Career Center uses many funds to account for its financial transactions, these are the most significant.

Penta County Joint Vocational School District
dba Penta Career Center
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2003

Governmental Funds - The Career Center's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The Career Center's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's operations.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Career Center's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Career Center's net assets for fiscal year 2003 compared to fiscal year 2002.

Table 1
 Net Assets

	Governmental Activities	
	2003	2002
<u>Assets</u>		
Current and Other Assets	\$25,030,072	\$23,565,496
Capital Assets, Net	11,616,974	11,693,734
Total Assets	36,647,046	35,259,230
<u>Liabilities</u>		
Current and Other Liabilities	11,017,678	10,620,781
Long-Term Liabilities	5,355,979	5,583,736
Total Liabilities	16,373,657	16,204,517
		continued

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

<u>Net Assets</u>		
Invested in Capital		
Assets, Net of Related Debt	\$8,391,974	\$8,193,734
Restricted	11,491,548	10,399,478
Unrestricted	389,867	461,501
Total Net Assets	<u>\$20,273,389</u>	<u>\$19,054,713</u>

Current and other assets increased by 6.2 percent due to an increase in equity in pooled cash and cash equivalents and property taxes receivable. Capital assets decreased from current depreciation expense being greater than additions to capital assets. Overall total assets increased by 3.9 percent.

Current and other liabilities increased 3.7 percent from the increase in deferred revenue related to the property tax receivable. Long-term liabilities decreased from the payment of principal on the general obligation bonds. Overall total liabilities increased by 1 percent.

The majority of the increase in invested in capital assets, net of related debt resulted in reducing the long-term obligation relating to capital assets, in the amount of \$275,000. Restricted net assets increased from the transfers from the General Fund to the Permanent Improvement capital projects fund to set aside money for the construction of the new campus. Unrestricted net assets decreased from an increase in compensated absences payable from the General Fund.

Table 2 reflects the change in net assets for fiscal year 2003. Since this is the first year the Career Center has prepared financial statements according to GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Change in Net Assets
Governmental Activities

	<u>2003</u>
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$1,370,763
Operating Grants, Contributions, and Interest	4,730,426
Capital Grants and Contributions	13,023
Total Program Revenues	<u>6,114,212</u>
	continued

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Table 2, continued

General Revenues	
Property Taxes	\$8,948,085
Payment in Lieu of Taxes	56,641
Grants and Entitlements not Restricted to Specific Programs	7,398,180
Interest	323,303
Miscellaneous	89,408
Total General Revenues	16,815,617
Total Revenues	22,929,829
<u>Expenses</u>	
Instruction	12,642,681
Support Services	8,157,462
Noninstructional Services	744,923
Interest and Fiscal Charges	144,887
Other	21,200
Total Expenses	21,711,153
Increase in Net Assets	\$1,218,676

Program revenues accounted for 26.7 percent of total revenues received in fiscal year 2003. These revenues consisted of charges for providing lunches to students, vocational services, grants for specified purposes, and gifts and donations. The majority of general revenues consisted of property taxes and unrestricted grants and entitlements.

Cost for providing instruction was 58.2 percent of total expenses for the Career Center. Pupils, Instructional Staff, and Operation and Maintenance of Plant support services that are related to provide instruction to the students were an additional 28.6 percent of total expenses.

Governmental Activities

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported primarily by tax revenues and unrestricted state entitlements. Comparisons to fiscal year 2002 have not been made since they are not available for this year.

Penta County Joint Vocational School District
dba Penta Career Center
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2003

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services
	2003	2003
Instruction	\$12,642,681	\$7,754,712
Support Services	8,157,462	7,616,062
Noninstructional Services	744,923	60,127
Interest and Fiscal Charges	144,887	144,887
Other	21,200	21,153
Total Expenses	\$21,711,153	\$15,596,941

The Career Center funds 61.3 percent of total instruction costs, 93.3 percent of support services costs, and 24.8 percent of all other expenses with property taxes and unrestricted grants and entitlements.

GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund and Permanent Improvement capital projects fund. Before transfers to other funds, the excess of revenues over expenditures in the General Fund was \$1,719,736 indicating that the Career Center continues to carefully allocate their resources.

In the General Fund, interest revenues decreased significantly from the drop in interest rates. Regular instruction expenditures increased because of Senate Bill 55 requirements for additional academic courses.

The General Fund continues to transfer funds to the Permanent Improvement capital projects fund for renovations, debt service requirements, and to set aside funding for the Career Center's construction of a new campus.

BUDGETARY HIGHLIGHTS

The Career Center prepares an annual budget of revenues and expenditures for all funds of the Career Center for use by Career Center officials and department heads and prepares such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of July. The Career Center's most significant budgeted fund is the General Fund. During the course of fiscal year 2003, the Career Center amended its General Fund budget as needed.

For the General Fund, final budgeted revenues increased 1 percent from payment in lieu of taxes, tuition and fees, and gifts and donation revenues not being included in the original revenue estimates. The final appropriations increased by less than 1 percent from the original budget. The Career Center budgets at the object level. The budgetary statement presentation is at the function level and appears to reflect potential budgetary law noncompliance.

**Penta County Joint Vocational School District
dba Penta Career Center**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Actual expenditures plus carryover encumbrances were 2 percent less than the final appropriations. The primary cause of this was that the Career Center kept their costs down relating to purchased services in the vocational instruction and operations and maintenance of plant support services functions, materials and supplies in the vocational instruction function, and capital outlay in the administrative and operations and maintenance of plant support services functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The primary decrease in capital assets for governmental activities is from depreciation expense being greater than the acquisitions of capital assets during fiscal year 2003. Capital assets purchased during fiscal year 2003 included the purchase of additional land and vocational equipment, and the improvements to the high school and the addition of two modular classroom buildings. Note 9 provides additional details regarding capital assets.

Debt

The Career Center had one outstanding general obligation bond issue. The general obligation bonds for \$3,225,000 pertain to the acquisition of property for the construction of the new campus. The bonds are paid from transfers from the General Fund.

In addition to the debt outlined above, the Career Center's long-term debt also includes compensated absences. Note 15 provides additional details regarding debt.

CURRENT ISSUES

Penta Career Center's future finances are not without challenges as our community changes and State funding is revised. Some of those challenges are in the future of State funding for schools in light of the twelve year old DeRolph court case and the long-term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

In recent years, several manufacturing facilities have begun or completed additions to their existing facilities and have employed additional personnel. The State of Ohio completed construction of a 1,000 bed prison facility. The City of Toledo has entered into separate cooperative agreements with the City of Rossford, City of Perrysburg, and City of Northwood to develop joint economic development zones. A Midwest regional developer was appointed to develop the City of Toledo Marina District. The master plan calls for a new sports arena, commercial office buildings, hotels, retail shops, movie theaters, and approximately three hundred fifty market rate apartments. The area around the City of Maumee has experienced development in professional services, warehousing and distribution, retailing, medical services, and manufacturing. All of these improvements in the Career Center's serving area provide a good tax base for future support of providing instruction to students and employment to those students seeking jobs after graduation.

The voters passed a 1-mill permanent improvement levy that was on the November 2003 ballot to fund the construction of a new campus. The current campus was established in 1965 by retrofitting an existing army depot administration building. Over the years various additions and renovations have occurred to meet changing needs. In recent years, there has been an emphasis by the State of Ohio to provide high school and adult students with experiences to prepare for employment and provide additional academic

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

courses. The current classrooms at the Career Center do not meet the current State school facilities specifications, the career-training labs are not adequately equipped for technology needs, storage is limited or nonexistent in the career-training labs, and current programs cannot be enhanced due to expansion limitations. Due to the age of the buildings, there are concerns regarding to the sanitation/waste management, electrical, and heating and air conditioning systems.

The Career Center currently has negotiated union contracts with the Penta Career Center Education Association (PCCEA) for certified staff and classified staff. The certified staff contract is a three-year contract expiring June 30, 2004, while the classified staff contract is a three-year contract expiring June 30, 2005.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in our Career Center's financial well-being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Carrie J. Herringshaw, Treasurer, 30095 Oregon Road, Perrysburg, Ohio 43551.

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Net Assets
June 30, 2003

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$14,955,309
Accounts Receivable	59,605
Intergovernmental Receivable	199,798
Accrued Interest Receivable	46,511
Prepaid Items	46,334
Inventory Held for Resale	10,875
Materials and Supplies Inventory	2,761
Property Taxes Receivable	9,708,879
Nondepreciable Capital Assets	4,071,996
Depreciable Capital Assets, Net	7,544,978
<i>Total Assets</i>	36,647,046
<u>Liabilities</u>	
Accrued Wages and Benefits Payable	1,828,623
Accounts Payable	108,630
Matured Compensated Absences Payable	63,719
Special Termination Benefits Payable	3,000
Intergovernmental Payable	373,817
Accrued Interest Payable	11,835
Deferred Revenue	8,628,054
Long-Term Liabilities	
Due Within One Year	439,734
Due in More Than One Year	4,916,245
<i>Total Liabilities</i>	16,373,657
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	8,391,974
Restricted for:	
Capital Projects	11,386,584
Other Purposes	104,964
Unrestricted	389,867
<i>Total Net Assets</i>	\$20,273,389

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Assets
Governmental Activities			Capital Grants and Contributions	Governmental Activities
Instruction:				
Regular	\$893,812	\$0	\$3,015	\$0
Special	917,796	0	846,113	0
Vocational	9,860,299	4,323	2,883,322	13,023
Adult/Continuing	970,774	750,013	388,160	0
Support Services:				
Pupils	2,275,281	0	511,900	0
Instructional Staff	2,001,325	0	22,500	0
Board of Education	34,539	0	0	0
Administration	1,274,379	0	0	0
Fiscal	441,482	0	0	0
Operation and Maintenance of Plant	1,934,385	0	0	0
Pupil Transportation	743	0	0	0
Central	195,328	0	7,000	0
Noninstructional Services	744,923	616,427	68,369	0
Extracurricular Activities	296	0	47	0
Intergovernmental	20,904	0	0	0
Interest and Fiscal Charges	144,887	0	0	0
<i>Total Governmental Activities</i>	<u>\$21,711,153</u>	<u>\$1,370,763</u>	<u>\$4,730,426</u>	<u>\$13,023</u>

General Revenues

Property Taxes Levied for General Purposes	8,948,085
Payment in Lieu of Taxes	56,641
Grants and Entitlements Not Restricted to Specific Programs	7,398,180
Interest	323,303
Miscellaneous	89,408
<i>Total General Revenues</i>	<u>16,815,617</u>
<i>Change in Net Assets</i>	1,218,676
<i>Net Assets Beginning of Year - See Note 3</i>	<u>19,054,713</u>
<i>Net Assets End of Year</i>	<u>\$20,273,389</u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Balance Sheet
Governmental Funds
June 30, 2003

	General	Permanent Improvement	Other Governmental	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,239,648	\$11,398,419	\$317,242	\$14,955,309
Accounts Receivable	59,585	0	20	59,605
Intergovernmental Receivable	31,710	0	168,088	199,798
Accrued Interest Receivable	46,511	0	0	46,511
Prepaid Items	46,334	0	0	46,334
Inventory Held for Resale	0	0	10,875	10,875
Materials and Supplies Inventory	0	0	2,761	2,761
Interfund Receivable	147,286	0	0	147,286
Property Taxes Receivable	9,708,879	0	0	9,708,879
<i>Total Assets</i>	<u>\$13,279,953</u>	<u>\$11,398,419</u>	<u>\$498,986</u>	<u>\$25,177,358</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accrued Wages and Benefits Payable	\$1,751,998	\$0	\$76,625	\$1,828,623
Accounts Payable	101,562	0	7,068	108,630
Matured Compensated Absences Payable	63,719	0	0	63,719
Intergovernmental Payable	341,374	0	23,997	365,371
Interfund Payable	0	0	147,286	147,286
Deferred Revenue	9,058,563	0	81,774	9,140,337
<i>Total Liabilities</i>	<u>11,317,216</u>	<u>0</u>	<u>336,750</u>	<u>11,653,966</u>
<u>Fund Balances</u>				
Reserved for Property Taxes	692,062	0	0	692,062
Reserved for Encumbrances	455,928	0	70,776	526,704
Unreserved, Reported in				
General Fund	814,747	0	0	814,747
Special Revenue Funds	0	0	91,460	91,460
Capital Projects Fund	0	11,398,419	0	11,398,419
<i>Total Fund Balances</i>	<u>1,962,737</u>	<u>11,398,419</u>	<u>162,236</u>	<u>13,523,392</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,279,953</u>	<u>\$11,398,419</u>	<u>\$498,986</u>	<u>\$25,177,358</u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2003

<i>Total Governmental Fund Balances</i>	\$13,523,392
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,616,974
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Accounts Receivable	39,180
Intergovernmental Receivable	81,774
Accrued Interest Receivable	43,440
Property Taxes Receivable	347,889
	512,283

Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources and, therefore, not reported in the funds.	(8,446)
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Special Termination Benefits Payable	(3,000)
Accrued Interest Payable	(11,835)
General Obligation Bonds Payable	(3,225,000)
Compensated Absences Payable	(2,130,979)
	(5,370,814)

<i>Net Assets of Governmental Activities</i>	\$20,273,389
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See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Permanent Improvement	Other Governmental	Total
<u>Revenues</u>				
Property Taxes	\$8,924,376	\$0	\$0	\$8,924,376
Payment in Lieu of Taxes	56,641	0	0	56,641
Intergovernmental	11,024,897	0	1,186,256	12,211,153
Interest	66,243	214,881	47	281,171
Tuition and Fees	14,530	0	617,940	632,470
Charges for Services	301,313	0	398,074	699,387
Extracurricular Activities	14,891	0	0	14,891
Gifts and Donations	71,546	0	0	71,546
Miscellaneous	58,839	0	30,569	89,408
<i>Total Revenues</i>	<u>20,533,276</u>	<u>214,881</u>	<u>2,232,886</u>	<u>22,981,043</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular	863,513	0	0	863,513
Special	895,934	0	0	895,934
Vocational	9,648,632	0	38,848	9,687,480
Adult/Continuing	155,992	0	812,249	968,241
Support Services:				
Pupils	1,743,009	0	491,419	2,234,428
Instructional Staff	1,713,683	0	238,035	1,951,718
Board of Education	34,539	0	0	34,539
Administration	973,911	0	284,957	1,258,868
Fiscal	434,971	0	0	434,971
Operation and Maintenance of Plant	1,910,237	0	0	1,910,237
Pupil Transportation	743	0	0	743
Central	187,908	0	7,000	194,908
Noninstructional Services	250,468	0	488,038	738,506
Extracurricular Activities	0	0	296	296
Capital Outlay	0	248,415	0	248,415
Intergovernmental	0	0	20,904	20,904
Debt Service:				
Principal Retirement	0	275,000	0	275,000
Interest and Fiscal Charges	0	145,460	0	145,460
<i>Total Expenditures</i>	<u>18,813,540</u>	<u>668,875</u>	<u>2,381,746</u>	<u>21,864,161</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,719,736</u>	<u>(453,994)</u>	<u>(148,860)</u>	<u>1,116,882</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	1,500,000	250,384	1,750,384
Transfers Out	(1,750,384)	0	0	(1,750,384)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,750,384)</u>	<u>1,500,000</u>	<u>250,384</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(30,648)	1,046,006	101,524	1,116,882
<i>Fund Balances at Beginning of Year - See Note 3</i>	<u>1,993,385</u>	<u>10,352,413</u>	<u>60,712</u>	<u>12,406,510</u>
<i>Fund Balances at End of Year</i>	<u>\$1,962,737</u>	<u>\$11,398,419</u>	<u>\$162,236</u>	<u>\$13,523,392</u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds \$1,116,882

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:

Capital Outlay	711,400	
Depreciation	<u>(780,347)</u>	(68,947)

The cost of capital assets is removed from the capital asset account on the statement of net assets resulting in a loss on disposal of capital assets on the statement of activities.

Loss on Disposal of Capital Assets		(7,813)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Property Taxes	23,709	
Intergovernmental	(141,117)	
Interest	42,179	
Charges for Services	<u>24,015</u>	(51,214)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

275,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets.

Accrued Interest Payable		573
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Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payables representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Special Termination Benefits Payable	3,000	
Intergovernmental Payable	(1,562)	
Compensated Absences Payable	<u>(47,243)</u>	(45,805)

Change in Net Assets of Governmental Activities \$1,218,676

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Private Purpose Trust	Agency
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$80,045	\$24,349
<u>Liabilities</u>		
Accounts Payable	0	\$573
Due to Students	0	23,776
<i>Total Liabilities</i>	0	\$24,349
<u>Net Assets</u>		
Endowment	55,292	
Held in Trust for Students	24,753	
<i>Total Net Assets</i>	\$80,045	

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2003

	Private Purpose Trust
<u>Additions</u>	
Interest	\$1,439
Gifts and Donations	<u>7,250</u>
Total Additions	8,689
<u>Deductions</u>	
Noninstructional Services	<u>2,792</u>
<i>Change in Net Assets</i>	5,897
<i>Net Assets Beginning of Year</i>	<u>74,148</u>
<i>Net Assets End of Year</i>	<u><u>\$80,045</u></u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 1 - Description of the Career Center and Reporting Entity

Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of an eleven member Board of Education consisting of one representative from each exempted village and/or city school districts: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and two representatives from each of the most populous counties: Lucas and Wood. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established in 1964. The Career Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. It is staffed by seventy-eight classified employees and two hundred fourteen certified teaching personnel who provide services to one thousand six hundred forty-three students and other community members. The Career Center currently operates five instructional buildings.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure the financial statements are not misleading. For reporting purposes, the Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For Penta Career Center, this includes general operations, food service, and student related activities of the Career Center.

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

The Career Center participates in two jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Wood County Insurance Consortium, and the Ohio School Plan. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Penta Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Career Center's accounting policies.

A. Basis of Presentation

The Career Center's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. These statements distinguish between those activities that are governmental and those that are considered business-type activities. The Career Center has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the Career Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

During the fiscal year, the Career Center segregated transactions related to certain Career Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Career Center at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Career Center are divided into two categories, governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Career Center are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Career Center's major funds are the General Fund and Permanent Improvement capital projects fund.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

General Fund - The General Fund 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.

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for the acquisition, construction, or improvement of capital facilities.

The other governmental funds of the Career Center account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for programs that provide college scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for various student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Career Center are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

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 are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred revenue.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations by fund 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 for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Career Center Treasurer makes budgetary allocations at function level within all funds.

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 Wood County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Career Center. The total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

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

Lapsing of Appropriations

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

F. Cash and Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2003, the Career Center's investments included nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. 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, 2003.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 was \$66,243, which includes \$2,031 assigned from other Career Center funds.

Investments of the Career Center's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

I. Capital Assets

All of the Career Center's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Career Center maintains a capitalization threshold of five thousand dollars. The Career Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	15 - 20 years
Buildings and Building Improvements	5 - 40 years
Furniture, Fixtures, and Equipment	5 - 15 years
Vehicles	8 years

J. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

K. Compensated Absences

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

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave is paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, special termination benefits, and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations and federal and state grants restricted to expenditure for specified purposes. The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Q. Estimates

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

Note 3 - Change in Accounting Principles and Restatement of Fund Balance

A. Change in Accounting Principles

For fiscal year 2003, the Career Center has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

GASB Statement No. 34 creates new basic financial statements for reporting on the Career Center's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

On the government-wide financial statements, the beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the conversion to the full accrual basis of accounting.

GASB Statement No. 37 makes certain clarifications regarding escheat property and modifies several provisions of GASB Statement No. 34, including Management's Discussion and Analysis. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization, or program structure that the Career Center uses for its legally adopted budget when significant budgetary perspective differences result in the Career Center not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

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B. Restatement of Fund Balance

The restatement due to the implementation of the above statements and interpretation had the following effect on fund balance of the major and nonmajor funds of the Career Center as they were previously reported. The transition from governmental fund balance to net assets of governmental activities is also presented.

	General	Permanent Improvement	Other Governmental	Total
Fund Balance June 30, 2002	\$1,995,531	\$10,352,413	\$68,053	\$12,415,997
GASB Interpretation No. 6 Adjustment:				
Compensated Absences Payable	60,424	0	4,313	64,737
GASB Statement No. 34 Adjustments:				
Change in Fund Structure	(62,570)	0	(11,654)	(74,224)
Adjusted Fund Balance	<u>\$1,993,385</u>	<u>\$10,352,413</u>	<u>\$60,712</u>	<u>12,406,510</u>
GASB Statement No. 34 Adjustments:				
Long-Term (Deferred) Assets:				
Receivables				563,497
Capital Assets				11,693,734
Long-Term Liabilities:				
Other Liabilities				(25,292)
General Obligation Bonds Payable				(3,500,000)
Compensated Absences Payable				<u>(2,083,736)</u>
Governmental Activities Net Assets at June 30, 2002				<u>\$19,054,713</u>

Note 4 - Accountability

At June 30, 2003, the Post Secondary Vocational Education, Technical Preparation, Miscellaneous State Grants, Vocational Education Enhancements, and Title V special revenue funds had deficit fund balances of \$3,085, \$74,461, \$1,865, 5,486, and \$3,210, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Deposits and Investments

State 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 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 five-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.

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Interim deposits are deposits of interim monies. Interim monies are those monies that 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 may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty 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) 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 25 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 rated 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 Career Center, and must be purchased with the expectation that it will be held to maturity.

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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.

At fiscal year end, the Career Center had \$673 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

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

At fiscal year end, the carrying amount of the Career Center's deposits was \$14,987,626 and the bank balance was \$15,119,581. Of the bank balance, \$300,000 was covered by federal depository insurance and \$900,000 was covered by surety bonds. The remaining amount was collateralized by pooled securities. Although all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center's investments are categorized to give an indication of the level of risk assumed by the Career Center at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the Career Center or its agent in the Career Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Career 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 Career Center's name. The Career Center's investment in repurchase agreements, which are Category 3 investments, had a carrying amount of \$62,959 and a fair value of \$62,959 at June 30, 2003. The Career Center's investment in STAR Ohio, in the amount of \$8,445, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$15,059,703	\$0
Cash on Hand	(673)	
Investments:		
Repurchase Agreements	(62,959)	62,959
STAR Ohio	(8,445)	8,445
GASB Statement No. 3	\$14,987,626	\$71,404
Classification in the Statements of Net Assets		
Government Wide – Unrestricted	\$14,955,309	\$0
Fiduciary Funds – Unrestricted	104,394	0
	\$15,059,703	\$0

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Note 6 - Receivables

Receivables at June 30, 2003, consisted of accounts (student fees and billings for user charged services), intergovernmental, accrued interest, interfund, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	\$31,710
Other Governmental Funds	
Food Service	6,348
Adult Education	2,604
Adult Basic Literacy Education	61,318
Title II A	1,506
Full Service Center	3,379
High Schools That Work	3,750
Perkins Grant	71,452
Title V	4,776
Drug Free	721
Miscellaneous Federal Grants	12,234
Total Other Governmental Funds	168,088
Total Intergovernmental Receivables	\$199,798

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the Career Center's fiscal year runs from July through June. First-half tax distributions are received by the Career Center in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the area served by the Career Center. Real property tax revenues received in calendar year 2003 represent the collection of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed values as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenues received in calendar year 2003 represent the collection of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien on December 31, 2001, were levied after April 1, 2002, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2003 (other than public utility property) represent the collection of calendar year 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 24 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2003, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003, was \$681,892 in the General Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been deferred.

The assessed values upon which fiscal year 2003 taxes were collected are:

	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$3,973,041,640	81.67%	\$4,237,118,880	82.62%
Public Utility	234,274,990	4.82	287,551,530	5.61
Tangible Personal	657,237,709	13.51	603,727,487	11.77
Total Assessed Value	<u>\$4,864,554,339</u>	<u>100.00%</u>	<u>\$5,128,397,897</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

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Note 8 - Payment in Lieu of Taxes

According to State law, the Career Center has entered into agreements with a number of property owners under which the Career Center has granted property tax abatements to those property owners. The property owners have agreed to make payments to the Career Center which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires.

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Balance at 6/30/02	Additions	Reductions	Balance at 6/30/03
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$3,956,824	\$115,172	\$0	\$4,071,996
Depreciable Capital Assets				
Land Improvements	396,682	0	0	396,682
Buildings and Building Improvements	14,179,007	198,789	0	14,377,796
Furniture, Fixtures, and Equipment	2,636,254	387,154	(164,925)	2,858,483
Vehicles	920,437	10,285	(26,348)	904,374
Total Depreciable Capital Assets	18,132,380	596,228	(191,273)	18,537,335
Less Accumulated Depreciation				
Land Improvements	(244,554)	(21,865)	0	(266,419)
Buildings and Building Improvements	(8,221,603)	(512,022)	0	(8,733,625)
Furniture, Fixtures, and Equipment	(1,453,676)	(161,289)	157,762	(1,457,203)
Vehicles	(475,637)	(85,171)	25,698	(535,110)
Total Accumulated Depreciation	(10,395,470)	(780,347)	183,460	(10,992,357)
Depreciable Capital Assets, Net	7,736,910	(184,119)	(7,813)	7,544,978
Governmental Activities Capital Assets, Net	\$11,693,734	(\$68,947)	(\$7,813)	\$11,616,974

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$25,835
Special	39,666
Vocational	502,386
Adult/Continuing	2,452

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Support Services:	
Pupils	54,518
Instructional Staff	46,823
Administration	22,975
Fiscal	994
Operation and Maintenance of Plant	57,704
Noninstructional Services	26,994
Total Depreciation Expense	\$780,347

Note 10 - Interfund Assets/Liabilities

At June 30, 2003, the General Fund had an interfund receivable from other governmental funds, in the amount of \$147,286, as an interfund loan used to provide cash flow resources until the receipt of grants.

Note 11 - Risk Management

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the Career Center contracted for the following insurance coverage.

Coverage provided by Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$1,000,000
Aggregate	3,000,000

Coverage provided by Twin City Fire Insurance Company is as follows:

Excess Liability	2,000,000
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Coverage provided by Philadelphia Indemnity Insurance Company is as follows:

Building	33,527,965
Personal Property	9,195,410
EDP Coverage	
Hardware	2,400,653
Software	100,000
Extra Expense	30,000
Commercial Crime	50,000
Automobile Liability	1,000,000
Garagekeeper	120,000

Coverage provided by Travelers Property Casualty Insurance Company is as follows:

Boiler	10,000,000
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Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other

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participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan.

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 Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Plan.

The Career Center participates in the Wood County Insurance Consortium (WCIC), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. The Career Center pays monthly premiums to the WCIC for medical and dental benefits. Upon withdrawal from the WCIC, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2003, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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 retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

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A DBP or CP member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salary and the Career Center was required to contribute 14 percent; 13 percent 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 contribution for pension obligations for the DBP for the fiscal years ended June 30, 2003, 2002, and 2001 was \$1,511,137, \$1,358,031, and \$1,343,344, respectively; 86 percent has been contributed for fiscal year 2003 and 100 percent has been contributed for fiscal years 2002 and 2001. Contributions for the DCP and CP for the fiscal year ended June 30, 2003, were \$11,432 made by the Career Center and \$17,531 made by plan members.

B. School Employees Retirement System

The Career 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 members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available 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, Suite 100, Columbus, Ohio 43215-3746.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9 percent of their annual covered salary and the Career Center was required to contribute an actuarially determined rate. The rate for fiscal year 2003 was 14 percent of annual covered payroll; 8.17 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$283,683, \$269,793, and \$239,265, respectively; 91 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2003, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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Note 13 - Postemployment Benefits

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

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 law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2003, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount was \$107,940.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,011 million at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000, and STRS had 105,300 eligible benefit recipients.

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

For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 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 2003, the minimum pay was established at \$14,500. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$126,572 for fiscal year 2003.

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, 2003 were \$204,930,737, and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators earn twenty-one days of vacation per year. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

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Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred seventy-five days for teachers, administrators, and administrative support staff, and two hundred seventy days for classified employees. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of sixty-eight and three-fourths days for teachers, administrators, and administrative support staff, and sixty-seven and one-half days for classified employees.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Wood County Insurance Consortium. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

C. Special Termination Benefit

The Career Center provides a special termination benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System and who has ten years of service with the Career Center will be paid \$1,500 if notification of pending retirement is submitted in writing to the Superintendent no later than March 1 for the retirement effective at the end of the current school year or prior to the following school year.

Note 15 - Long-Term Obligations

Changes in the Career Center's long-term obligations during fiscal year 2003 were as follows:

	Balance at 6/30/02	Additions	Reductions	Balance at 6/30/03	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
2002 Land Acquisition Bonds 2.5 - 5.25%	\$3,500,000	\$0	\$275,000	\$3,225,000	\$300,000
Compensated Absences Payable	2,083,736	87,430	40,187	2,130,979	139,734
Total Governmental Activities Long-Term Obligations	<u>\$5,583,736</u>	<u>\$87,430</u>	<u>\$315,187</u>	<u>\$5,355,979</u>	<u>\$439,734</u>

Land Acquisition General Obligation Bonds - In fiscal year 2002, the Career Center issued \$3,500,000 in unvoted general obligation bonds to acquire land. The bonds were issued for a ten-year period, with final maturity on December 1, 2011. The bonds are being retired from the Permanent Improvement capital projects fund, with transfers from the General Fund.

Compensated absences will be paid from the General Fund and the Food Service, Adult Education, Technical and Career, Adult Basic Literacy Education, and Technical Preparation special revenue funds.

The Career Center's overall debt margin was \$458,330,811 with an unvoted debt margin of \$1,903,398 at June 30, 2003.

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Fiscal Year Ending	General Obligation Bonds	
	Principal	Interest
2004	\$300,000	\$136,773
2005	310,000	123,772
2006	330,000	109,670
2007	340,000	96,348
2008	355,000	81,656
2009-2012	1,590,000	147,952
Totals	\$3,225,000	\$696,171

Note 16 - Set Asides

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 materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2003.

	Textbooks	Capital Improvements
Balance June 30, 2002	\$0	\$0
Current Year Set Aside Requirement	230,649	230,649
Qualifying Expenditures	(230,649)	(230,649)
Balance June 30, 2003	\$0	\$0

Note 17 - Interfund Transfers

During fiscal year 2003, the General Fund made transfers to the Permanent Improvement capital projects fund, in the amount of \$1,500,000, to pay on the land acquisition general obligation bonds and set aside resources for the construction of a new campus; and to other governmental funds, in the amount of \$250,384, to subsidize the operations of food service and adult education.

Note 18 - Donor Restricted Endowments

The School District's private purpose trust fund includes donor-restricted endowments. Endowment, in the amount of, \$55,292, represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$24,753 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

Note 19 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The Career Center is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2003, the Career Center paid \$42,002 to the NWOCA for various services. Financial information can be obtained from Cindy Siler, who serves as Treasurer, 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Note 20 - Insurance Pools

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The Career 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 (Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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 participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

B. Wood County Insurance Consortium

The Wood County Insurance Consortium (WCIC) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. WCIC is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee, which advises the Trustee, Ohio Bank, concerning aspects of the administration of the WCIC.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the WCIC is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Elaine Shafley, CoreSource, P. O. Box 6118, Westerville, Ohio 43086-6118.

C. Ohio School Plan

The Career Center participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Note 21 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

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

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 22 - Contingencies

A. Grants

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, 2003.

B. Litigation

There are currently no matters in litigation with the Career Center as defendant.

Penta County Joint Vocational School District
dba Penta Career Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property Taxes	\$8,954,103	\$8,954,103	\$8,976,550	\$22,447
Payment in Lieu of Taxes	0	56,641	56,641	0
Intergovernmental	10,566,599	10,566,599	11,024,897	458,298
Interest	100,000	100,000	94,627	(5,373)
Tuition and Fees	0	14,530	14,530	0
Charges for Services	222,400	289,139	289,139	0
Extracurricular Activities	17,500	14,891	14,891	0
Gifts and Donations	0	63,992	63,992	0
Miscellaneous	30,100	29,740	38,592	8,852
<i>Total Revenues</i>	<u>19,890,702</u>	<u>20,089,635</u>	<u>20,573,859</u>	<u>484,224</u>
Expenditures				
Current:				
Instruction:				
Regular	780,601	804,601	799,090	(5,511)
Special	840,563	944,963	903,206	(41,757)
Vocational	9,611,710	10,141,376	9,909,046	(232,330)
Adult/Continuing	25,931	157,907	157,907	0
Support Services:				
Pupils	1,803,479	1,822,375	1,742,938	(79,437)
Instructional Staff	1,623,898	1,686,262	1,765,959	79,697
Board of Education	57,768	57,768	55,939	(1,829)
Administration	1,823,850	1,091,471	1,050,754	(40,717)
Fiscal	454,923	471,623	452,959	(18,664)
Operation and Maintenance of Plant	2,243,617	2,243,617	2,170,129	(73,488)
Central	208,119	208,119	217,693	9,574
Noninstructional Services	284,449	286,343	277,250	(9,093)
<i>Total Expenditures</i>	<u>19,758,908</u>	<u>19,916,425</u>	<u>19,502,870</u>	<u>(413,555)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>131,794</u>	<u>173,210</u>	<u>1,070,989</u>	<u>897,779</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	0	2,121	2,121
Other Financing Uses	(200,000)	(200,000)	0	200,000
Advances In	169,362	150,790	150,790	0
Advances Out	(170,000)	(147,286)	(147,286)	0
Transfers Out	(1,000,000)	(1,750,384)	(1,750,384)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,200,638)</u>	<u>(1,946,880)</u>	<u>(1,744,759)</u>	<u>202,121</u>
<i>Net Change in Fund Balance</i>	<u>(1,068,844)</u>	<u>(1,773,670)</u>	<u>(673,770)</u>	<u>1,099,900</u>
<i>Fund Balance at Beginning of Year</i>	2,739,119	2,739,119	2,739,119	0
<i>Prior Year Encumbrances Appropriated</i>	613,298	613,298	613,298	0
<i>Fund Balance at End of Year</i>	<u>\$2,283,573</u>	<u>\$1,578,747</u>	<u>\$2,678,647</u>	<u>\$1,099,900</u>

See accompanying note to this Schedule

Penta County Joint Vocational School District
dba Penta Career Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (continued)
General Fund
For the Fiscal Year Ended June 30, 2003

NOTE: While the Career Center is reporting financial position and changes in financial position/fund balances 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 adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

<u>Net Changes in Fund Balances</u>	<u>General</u>
Budget Basis	\$ (673,770)
Net adjustment for revenue accruals	(42,739)
Net adjustment for expenditure accruals	106,717
Net adjustment for other financing sources (uses)	18,178
Adjustment for encumbrances	560,966
GAAP Basis	<u>\$ (30,648)</u>

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass - Through Grantor/ Program Title	Grantor Number	CFDA Number	Award Amount	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION					
Pell Grant	1340946365A1	84.063	\$144,732	\$144,732	\$144,732
<i>Pass through Ohio Department of Education</i>					
VEA-II Funds (Secondary)	20-C1-02	84.048	382,174	76,106	0
VEA-II Funds (Adult)	20-C2-02	84.048	52,911	12,407	0
VEA-II Funds (Secondary)	20-C1-03	84.048	413,862	351,783	413,862
VEA-II Funds (Adult)	20-C2-03	84.048	52,911	44,634	52,511
Pre-Employment Training	20-A0-03	84.048	10,000	8,500	10,000
			911,858	493,430	476,373
Adult Basic Education - FY 2002	AB-S1-02	84.002	129,458	42,156	42,156
Adult Basic Education - FY 2003	AB-S1-03	84.002	131,855	70,537	123,545
			261,313	112,693	165,701
Title VI - Innovative Ed - FY 02	C2-S1-02	84.298	7,263	381	4,776
Title II-A Improving Teacher Quality - FY 03	MS-S1-03	84.367	8,367	0	0
Eisenhower Professional Development - FY 02	MS-S1-02	84.281	4,124	3,712	2,366
Workforce Higher Skills FY 03	WF-HS-2003	17.258	25,000	12,666	12,666
TOTAL DEPARTMENT OF EDUCATION			767,614	806,614	806,614
U.S. DEPARTMENT OF AGRICULTURE					
<i>Pass through Ohio Department of Education</i>					
National School Lunch Program	LL-P4-03	10.555		40,498	40,498
TOTAL DEPARTMENT OF AGRICULTURE				40,498	40,498
TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS				\$808,112	\$847,112

NOTE - 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. It is assumed that federal monies are expended first.

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

Board of Education
Penta County Joint Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have audited the general-purpose financial statements of Penta County Joint Vocational School District, dba Penta Career Center ("Career Center"), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Career Center's general-purpose 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 December 11, 2003.

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 general-purpose 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 general-purpose 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 we have reported to management of the Career Center in a separate letter dated December 11, 2003.

Board of Education
Page Two

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

Webster O. Sum, LTD.

December 11, 2003



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

Board of Education
Penta County Joint Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

Compliance

We have audited the compliance of Penta County Joint Vocational School District, dba Penta Career Center ("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, 2003. The Career Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2003.

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.

This report is intended solely for the information of and use of the Board of Education and management, 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.

Walter D. Zuer, CEO

December 11, 2003

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2003

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education -- Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Auditee qualified as low risk auditee?	_X_ yes	_____no
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2003

NONE



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
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800-282-0370

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PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WOOD 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 27, 2004**