

**KNOX COUNTY CAREER CENTER
KNOX COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

Knox County Career Center
306 Martinsburg Road
Mt. Vernon, Ohio 43050

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Knox County Career Center, Knox County, Ohio, (the Center) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Knox County Career Center, Knox County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 1999, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

As described in Note 3, the Center has implemented Governmental Accounting Standards Board Statement number 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" as of July 1, 1998.

As described in Note 3, the Center has also changed its method of accruing a liability for compensated absences payable from the termination payment method to the vesting method as of July 1, 1998.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Center, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



JIM PETRO
Auditor of State

November 9, 1999

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Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
Assets and Other Debits					
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,361,124	\$158,937	\$9,868	\$60,042	\$33,156
Cash and Cash Equivalents in Segregated Account	0	0	0	0	10,000
Receivables:					
Taxes	4,151,203	0	0	0	0
Accounts	6,221	0	0	11,693	248
Intergovernmental	0	45,922	0	3,251	0
Accrued Interest	17,838	0	0	0	0
Interfund	146,234	0	0	0	0
Inventory Held for Resale	0	0	0	3,446	0
Materials and Supplies Inventory	20,372	0	0	2,498	0
Prepaid Items	21,475	0	0	0	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	89,780	0	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	44,952	0
Other Debit					
Amount to be Provided from General Government Resources	0	0	0	0	0
Total Assets and Other Debit	\$8,814,247	\$204,859	\$9,868	\$125,882	\$43,404

(Continued)

Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999 (Continued)

	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$67,246	\$0	\$0	\$4,690,373
Cash and Cash Equivalents in Segregated Account	0	0	0	10,000
Receivables:				
Taxes	0	0	0	4,151,203
Accounts	0	0	0	18,162
Intergovernmental	0	0	0	49,173
Accrued Interest	0	0	0	17,838
Interfund	0	0	0	146,234
Inventory Held for Resale	0	0	0	3,446
Materials and Supplies Inventory	0	0	0	22,870
Prepaid Items	0	0	0	21,475
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	0	89,780
Fixed Assets (net, where applicable, of accumulated depreciation)	0	5,550,019	0	5,594,971
Other Debit				
Amount to be Provided from General Government Resources	0	0	939,983	939,983
Total Assets and Other Debit	\$67,246	\$5,550,019	\$939,983	\$15,755,508

(Continued)

Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999 (Continued)

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
Liabilities, Fund Equity and Other Credits					
Liabilities					
Accounts Payable	\$17,515	\$5,146	\$0	\$1,527	\$0
Accrued Wages Payable	503,380	32,816	0	42,430	0
Compensated Absences Payable	9,573	0	0	94,908	0
Interfund Payable	0	72,582	0	37,250	0
Intergovernmental Payable	4,486	996	0	2,704	0
Deferred Revenue	3,162,230	0	0	2,639	0
Due to Students	0	0	0	0	0
Claims Payable	0	0	0	0	60,000
Energy Conservation Bonds Payable	0	0	0	0	0
Total Liabilities	3,697,184	111,540	0	181,458	60,000
Fund Equity and Other Credits					
Investment in General Fixed Assets	0	0	0	0	0
Retained Earnings:					
Unreserved (Deficit)	0	0	0	-55,576	-16,596
Fund Balance:					
Reserved for Encumbrances	120,074	28,368	9,868	0	0
Reserved for Inventory	20,372	0	0	0	0
Reserved for Property Taxes	988,973	0	0	0	0
Reserved for Endowments	0	0	0	0	0
Reserved for Budget Stabilization	89,780	0	0	0	0
Unreserved, Undesignated	3,897,864	64,951	0	0	0
Total Fund Equity (Deficit) and Other Credits	5,117,063	93,319	9,868	-55,576	-16,596
Total Liabilities, Fund Equity and Other Credits	\$8,814,247	\$204,859	\$9,868	\$125,882	\$43,404

(Continued)

Knox County Career Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1998 (Continued)

	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$24,188
Accrued Wages Payable	0	0	0	578,626
Compensated Absences Payable	0	0	239,096	343,577
Interfund Payable	36,402	0	0	146,234
Intergovernmental Payable	0	0	14,419	22,605
Deferred Revenue	0	0	0	3,164,869
Due to Students	17,721	0	0	17,721
Claims Payable	0	0	0	60,000
Energy Conservation Bonds Payable	0	0	686,468	686,468
Total Liabilities	54,123	0	939,983	5,044,288
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	5,550,019	0	5,550,019
Retained Earnings:				
Unreserved (Deficit)	0	0	0	-72,172
Fund Balance:				
Reserved for Encumbrances	0	0	0	158,310
Reserved for Inventory	0	0	0	20,372
Reserved for Property Taxes	0	0	0	988,973
Reserved for Endowments	11,618	0	0	11,618
Reserved for Budget Stabilization	0	0	0	89,780
Unreserved, Undesignated	1,505	0	0	3,964,320
Total Fund Equity (Deficit) and Other Credits	13,123	5,550,019	0	10,711,220
Total Liabilities, Fund Equity and Other Credits	\$67,246	\$5,550,019	\$939,983	\$15,755,508

See accompanying notes to the general purpose financial statements

Knox County Career Center
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues					
Taxes	\$3,278,102	\$0	\$0	\$0	\$3,278,102
Intergovernmental	2,456,595	535,215	0	0	2,991,810
Interest	212,033	6,041	0	0	218,074
Customer Services	54,920	0	0	0	54,920
Tuition and Fees	2,054	29,761	0	0	31,815
Donations	310	36,946	0	0	37,256
Miscellaneous	44,008	0	0	0	44,008
Total Revenues	6,048,022	607,963	0	0	6,655,985
Expenditures					
Current:					
Instruction:					
Regular	19,840	138,052	0	0	157,892
Vocational	2,611,825	68,391	0	0	2,680,216
Adult Continuing	0	73,119	0	0	73,119
Support Services:					
Pupils	262,244	120,414	0	0	382,658
Instructional Staff	358,725	109,331	0	0	468,056
Board of Education	8,455	0	0	0	8,455
Administration	549,268	21,519	0	0	570,787
Fiscal	335,292	3,615	0	0	338,907
Business	69,240	0	0	0	69,240
Operation and Maintenance of Plant	680,840	48,239	0	0	729,079
Pupil Transportation	0	99	0	0	99
Central	1,076	21,857	0	0	22,933
Extracurricular Activities	6,450	0	0	0	6,450
Capital Outlay	21,898	0	325,528	0	347,426
Debt Service:					
Principal Retirement	50,000	0	0	0	50,000
Interest and Fiscal Charges	19,467	0	0	0	19,467
Total Expenditures	4,994,620	604,636	325,528	0	5,924,784
Excess of Revenues Over (Under) Expenditures	1,053,402	3,327	-325,528	0	731,201
Other Financing Sources (Uses)					
Proceeds of Bonds	0	0	316,468	0	316,468
Proceeds from Sale of Fixed Assets	53	0	0	0	53
Operating Transfers In	0	14,057	0	0	14,057
Operating Transfers Out	-164,057	0	0	0	-164,057
Total Other Financing Sources (Uses)	-164,004	14,057	316,468	0	166,521
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	889,398	17,384	-9,060	0	897,722
Fund Balances Beginning of Year - Restated (See Note 3)	4,510,080	75,935	18,928	531	4,605,474
Decrease in Materials and Supplies Inventory	-282,415	0	0	0	-282,415
Fund Balances End of Year	\$5,117,063	\$93,319	\$9,868	\$531	\$5,220,781

See accompanying notes to the general purpose financial statements

Knox County Career Center
 Combined State of Revenues, Expenditures and
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 1999

	General			Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$3,231,000	\$3,232,023	\$1,023	\$0	\$0	\$0
Intergovernmental	2,443,000	2,496,279	53,279	603,893	539,843	-64,050
Interest	154,631	218,359	63,728	345	6,041	5,696
Customer Services	69,850	56,219	-13,631	0	0	0
Tuition and Fees	12,500	10,134	-2,366	37,100	29,761	-7,339
Rentals	500	0	-500	0	0	0
Donations	500	310	-190	43,740	50,540	6,800
Miscellaneous	100	43,889	43,789	0	0	0
Total Revenues	5,912,081	6,057,213	145,132	685,078	626,185	-58,893
Expenditures						
Current:						
Instruction:						
Regular	50,956	49,643	1,313	145,365	119,840	25,525
Vocational	2,940,381	2,664,543	275,838	75,513	70,089	5,424
Adult Continuing	1,500	0	1,500	120,061	76,286	43,775
Support Services:						
Pupils	357,306	267,698	89,608	140,953	134,079	6,874
Instructional Staff	403,225	349,296	53,929	136,210	111,870	24,340
Board of Education	11,800	8,455	3,345	0	0	0
Administration	856,131	549,004	307,127	24,037	21,446	2,591
Fiscal	380,701	330,715	49,986	3,670	3,623	47
Business	85,762	77,353	8,409	0	0	0
Operation and Maintenance of Plant	1,012,783	716,693	296,090	51,823	48,430	3,393
Pupil Transportation	0	0	0	100	99	1
Central	1,160	1,076	84	27,409	27,401	8
Operation of Non-Instructional Services	0	0	0	100	0	100
Extracurricular Activities	7,950	6,450	1,500	0	0	0
Capital Outlay	65,000	61,901	3,099	0	0	0
Debt Service:						
Principal Retirement	50,000	50,000	0	0	0	0
Interest and Fiscal Charges	21,210	21,210	0	0	0	0
Total Expenditures	6,245,865	5,154,037	1,091,828	725,241	613,163	112,078
Excess of Revenues Over (Under) Expenditures	-333,784	903,176	1,236,960	-40,163	13,022	53,185
Other Financing Sources (Uses)						
Other Financing Uses	-131,000	0	131,000	0	0	0
Proceeds of Bonds	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	500	53	-447	0	0	0
Refund of Prior Year Receipts	-500	0	500	0	0	0
Refund of Prior Year Expenditures	0	29,043	29,043	0	0	0
Advances In	100,000	130,054	30,054	97,787	101,182	3,395
Advances Out	-111,200	-111,182	18	-145,814	-130,054	15,760
Operating Transfers In	45	0	-45	15,046	14,057	-989
Operating Transfers Out	-165,000	-164,057	943	0	0	0
Total Other Financing Sources (Uses)	-307,155	-116,089	191,066	-32,981	-14,815	18,166
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-640,939	787,087	1,428,026	-73,144	-1,793	71,351
Fund Balances Beginning of Year	3,414,272	3,414,272	0	98,736	98,736	0
Prior Year Encumbrances Appropriated	95,952	95,952	0	28,644	28,644	0
Fund Balances End of Year	\$2,869,285	\$4,297,311	\$1,428,026	\$54,236	\$125,587	\$71,351

(Continued)

Knox County Career Center
 Combined State of Revenues, Expenditures and
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 1999 (Continued)

	Capital Projects			Expendable Trust		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Customer Services	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Rentals	0	0	0	0	0	0
Donations	0	0	0	1,500	0	-1,500
Miscellaneous	0	0	0	0	0	0
Total Revenues	0	0	0	1,500	0	-1,500
Expenditures						
Current:						
Instruction:						
Regular	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/Continuing	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	530	0	530
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	0	0	0
Business	0	0	0	0	0	0
Operation and Maintenance of Plant	335,396	335,396	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	335,396	335,396	0	530	0	530
<i>Excess of Revenues Over (Under)</i>						
<i> Expenditures</i>	-335,396	-335,396	0	970	0	-970
Other Financing Sources (Uses)						
Proceeds of Notes	0	0	0	0	0	0
Proceeds of Bonds	316,468	316,468	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	316,468	316,468	0	0	0	0
<i>Excess of Revenues and Other</i>						
<i> Financing Sources Over (Under)</i>						
<i> Expenditures and Other Financing Uses</i>	-18,928	-18,928	0	970	0	-970
<i>Fund Balances Beginning of Year</i>	18,928	18,928	0	1	1	0
<i>Prior Year Encumbrances Appropriated</i>	0	0	0	530	530	0
Fund Balances End of Year	\$0	\$0	\$0	\$1,501	\$531	-\$970

(Continued)

Knox County Career Center
 Combined State of Revenues, Expenditures and
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Funds
 For the Fiscal Year Ended June 30, 1999 (Continued)

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$3,231,000	\$3,232,023	\$1,023
Intergovernmental	3,046,893	3,036,122	-10,771
Interest	154,976	224,400	69,424
Customer Services	69,850	56,219	-13,631
Tuition and Fees	49,600	39,895	-9,705
Rentals	500	0	-500
Donations	45,740	50,850	5,110
Miscellaneous	100	43,889	43,789
<i>Total Revenues</i>	<u>6,598,659</u>	<u>6,683,398</u>	<u>84,739</u>
Expenditures			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	196,321	169,483	26,838
Vocational	3,015,894	2,734,632	281,262
Adult Continuing	121,561	76,286	45,275
<i>Support Services:</i>			
Pupils	498,789	401,777	97,012
Instructional Staff	539,435	461,166	78,269
Board of Education	11,800	8,455	3,345
Administration	880,168	570,450	309,718
Fiscal	384,371	334,338	50,033
Business	85,762	77,353	8,409
Operation and Maintenance of Plant	1,400,002	1,100,519	299,483
Pupil Transportation	100	99	1
Central	28,569	28,477	92
Operation of Non-Instructional Services	100	0	100
Extracurricular Activities	7,950	6,450	1,500
Capital Outlay	65,000	61,901	3,099
<i>Debt Service:</i>			
Principal Retirement	50,000	50,000	0
Interest and Fiscal Charges	21,210	21,210	0
<i>Total Expenditures</i>	<u>7,307,032</u>	<u>6,102,596</u>	<u>1,204,436</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>-708,373</u>	<u>580,802</u>	<u>1,289,175</u>
Other Financing Sources (Uses)			
Other Financing Uses	-131,000	0	131,000
Proceeds of Bonds	316,468	316,468	0
Proceeds from Sale of Fixed Assets	500	53	-447
Refund of Prior Year Receipts	-500	0	500
Refund of Prior Year Expenditures	0	29,043	29,043
Advances In	197,787	231,236	33,449
Advances Out	-257,014	-241,236	15,778
Operating Transfers In	15,091	14,057	-1,034
Operating Transfers Out	-165,000	-164,057	943
<i>Total Other Financing Sources (Uses)</i>	<u>-23,668</u>	<u>185,564</u>	<u>209,232</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>-732,041</u>	<u>766,366</u>	<u>1,498,407</u>
<i>Fund Balances Beginning of Year</i>	3,531,937	3,531,937	0
<i>Prior Year Encumbrances Appropriated</i>	<u>125,126</u>	<u>125,126</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$2,925,022</u>	<u>\$4,423,429</u>	<u>\$1,498,407</u>

See accompanying notes to the general purpose financial statements

Knox County Career Center
 Combined Statement of Revenues, Expenses, and Changes in
 Retained Earnings/Fund Balance - All Proprietary
 Fund Types and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 1999

	Enterprise	Internal Service	Non-Expendable Trust	Totals (Memorandum Only)
Operating Revenues				
Sales	\$128,190	\$0	\$0	\$128,190
Tuition	414,277	0	0	414,277
Charges for Services	777	195,125	0	195,902
Donations	0	0	3,465	3,465
Interest	0	0	440	440
Other	0	10,785	0	10,785
<i>Total Operating Revenues</i>	<u>543,244</u>	<u>205,910</u>	<u>3,905</u>	<u>753,059</u>
Operating Expenses				
Salaries and Wages	586,516	0	0	586,516
Fringe Benefits	143,663	0	0	143,663
Purchased Services	79,931	70,784	0	150,715
Materials and Supplies	111,820	0	0	111,820
Cost of Sales	74,060	0	0	74,060
Claims	0	152,021	0	152,021
Other	658	0	350	1,008
Depreciation	6,164	0	0	6,164
<i>Total Operating Expenses</i>	<u>1,002,812</u>	<u>222,805</u>	<u>350</u>	<u>1,225,967</u>
<i>Operating Income (Loss)</i>	<u>-459,568</u>	<u>-16,895</u>	<u>3,555</u>	<u>-472,908</u>
Non-Operating Revenues				
Donated Commodities	8,345	0	0	8,345
Interest	32	299	0	331
Operating Grants	181,619	0	0	181,619
Other	283	0	0	283
<i>Total Non-Operating Revenues</i>	<u>190,279</u>	<u>299</u>	<u>0</u>	<u>190,578</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>-269,289</u>	<u>-16,596</u>	<u>3,555</u>	<u>-282,330</u>
Operating Transfers In	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>150,000</u>
<i>Net Income (Loss)</i>	<u>-119,289</u>	<u>-16,596</u>	<u>3,555</u>	<u>-132,330</u>
<i>Retained Earnings/Fund Balance Beginning of Year - Restated (See Note 3)</i>	<u>63,713</u>	<u>0</u>	<u>9,037</u>	<u>72,750</u>
<i>Retained Earnings/Fund Balance (Deficit) End of Year</i>	<u>-\$55,576</u>	<u>-\$16,596</u>	<u>\$12,592</u>	<u>-\$59,580</u>

See accompanying notes to the general purpose financial statements

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Knox County Career Center
 Combined Statement of Revenues, Expenses, and Changes in
 Fund Equity Budget (Non-GAAP Basis) and Actual - All Proprietary
 Fund Types and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 1999

	Enterprise			Internal Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Sales	\$213,625	\$185,919	-\$27,706	\$0	\$0	\$0
Tuition	419,650	353,830	-65,820	0	0	0
Charges for Services	1,000	777	-223	188,500	195,125	6,625
Donations	0	0	0	0	0	0
Interest	0	32	32	0	299	299
Operating Grants	210,200	218,129	7,929	0	0	0
Other	6,150	5,568	-582	0	537	537
<i>Total Revenues</i>	<u>850,625</u>	<u>764,255</u>	<u>-86,370</u>	<u>188,500</u>	<u>195,961</u>	<u>7,461</u>
Expenses						
Salaries and Wages	569,403	551,372	18,031	0	0	0
Fringe Benefits	162,017	143,244	18,773	74,000	60,430	13,570
Purchased Services	116,635	85,422	31,213	114,500	102,375	12,125
Materials and Supplies	194,866	161,072	33,794	0	0	0
Capital Outlay	12,055	9,276	2,779	0	0	0
Other	3,289	745	2,544	0	0	0
<i>Total Expenses</i>	<u>1,058,265</u>	<u>951,131</u>	<u>107,134</u>	<u>188,500</u>	<u>162,805</u>	<u>25,695</u>
<i>Excess of Revenues Over (Under) Expenses</i>	-207,640	-186,876	20,764	0	33,156	33,156
Operating Transfers In	138,000	150,000	12,000	0	0	0
Advances In	17,000	10,000	-7,000	0	0	0
<i>Excess of Revenues and Operating Transfers In and Advances In Over (Under) Expenses</i>	-52,640	-26,876	25,764	0	33,156	33,156
<i>Fund Equity Beginning of Year</i>	62,143	62,143	0	0	0	0
Prior Year Encumbrances Appropriated	16,712	16,712	0	0	0	0
<i>Fund Equity End of Year</i>	<u>\$26,215</u>	<u>\$51,979</u>	<u>\$25,764</u>	<u>\$0</u>	<u>\$33,156</u>	<u>\$33,156</u>

(Continued)

See accompanying notes to the general purpose financial statements

Knox County Career Center
 Combined Statement of Revenues, Expenses, and Changes in
 Fund Equity Budget (Non-GAAP Basis) and Actual - All Proprietary
 Fund Types and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 1999 (Continued)

	Non-Expendable Trust			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Sales	\$0	\$0	\$0	\$213,625	\$185,919	-\$27,706
Tuition	0	0	0	419,650	353,830	-65,820
Charges for Services	0	0	0	189,500	195,902	6,402
Donations	900	3,465	2,565	900	3,465	2,565
Interest	500	479	-21	500	810	310
Federal and State Subsidies	0	0	0	210,200	218,129	7,929
Other	0	0	0	6,150	6,105	-45
Total Revenues	1,400	3,944	2,544	1,040,525	964,160	-76,365
Expenses						
Salaries and Wages	0	0	0	569,403	551,372	18,031
Fringe Benefits	0	0	0	236,017	203,674	32,343
Purchased Services	0	0	0	231,135	187,797	43,338
Materials and Supplies	1,000	0	1,000	195,866	161,072	34,794
Capital Outlay	0	0	0	12,055	9,276	2,779
Other	700	350	350	3,989	1,095	2,894
Total Expenses	1,700	350	1,350	1,248,465	1,114,286	134,179
<i>Excess of Revenues Over (Under) Expenses</i>	-300	3,594	3,894	-207,940	-150,126	57,814
Operating Transfers In	0	0	0	138,000	150,000	12,000
Advances In	0	0	0	17,000	10,000	-7,000
<i>Excess of Revenues and Operating Transfers In and Advances In Over (Under) Expenses</i>	-300	3,594	3,894	-52,940	9,874	62,814
<i>Fund Equity Beginning of Year</i>	8,998	8,998	0	71,141	71,141	0
Prior Year Encumbrances Appropriated	0	0	0	16,712	16,712	0
Fund Equity End of Year	\$8,698	\$12,592	\$3,894	\$34,913	\$97,727	\$62,814

See accompanying notes to the general purpose financial statements

Knox County Career Center
Combined Statement of Cash Flows
All Proprietary Fund Types and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Non- Expendable Trust	(Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$540,525	\$0	\$0	\$540,525
Cash Received from Quasi-External External Operating Transactions				
Operating Transactions with Other Funds	0	195,125	0	195,125
Cash Received from Other Non-Operating Sources	283	0	0	283
Cash Received from Other Operating Sources	5,285	10,537	3,465	19,287
Cash Payments for Goods and Services	-240,716	-70,784	0	-311,500
Cash Payments for Employee Services and Benefits	-694,616	0	0	-694,616
Cash Payments for Claims	0	-92,021	0	-92,021
Cash Payments for Other Operating Expenses	-659	0	-350	-1,009
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>-389,898</u>	<u>42,857</u>	<u>3,115</u>	<u>-343,926</u>
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	218,129	0	0	218,129
Operating Transfers In	150,000	0	0	150,000
Advance Out	10,000	0	0	10,000
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>378,129</u>	<u>0</u>	<u>0</u>	<u>378,129</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	-7,076	0	0	-7,076
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>-7,076</u>	<u>0</u>	<u>0</u>	<u>-7,076</u>
Cash Flows from Investing Activities				
Interest on Investments	32	299	440	771
<i>Net Cash Provided by Investing Activities</i>	<u>32</u>	<u>299</u>	<u>440</u>	<u>771</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	-18,813	43,156	3,555	27,898
<i>Cash and Cash Equivalents Beginning of Year</i>	78,855	0	9,037	87,892
<i>Cash and Cash Equivalents End of Year</i>	<u>\$60,042</u>	<u>\$43,156</u>	<u>\$12,592</u>	<u>\$115,790</u>

(continued)

Knox County Career Center
Combined Statement of Cash Flows
All Proprietary Fund Types and Non-Expendable Trust Fund (continued)
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
<i>Operating Income (Loss)</i>	<u>-\$459,568</u>	<u>-\$16,895</u>	<u>\$3,555</u>	<u>-\$472,908</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities				
Depreciation	6,164	0	0	6,164
Donated Commodities Used During Year	8,345	0	0	8,345
Interest Received by Nonexpendable Trust Fund	0	0	-440	-440
Non-Operating Revenues	283	0	0	283
(Increase)/Decrease in Assets:				
Accounts Receivable	2,568	-248	0	2,320
Inventory Held for Resale	908	0	0	908
Materials and Supplies Inventory	20,455	0	0	20,455
Increase/(Decrease) in Liabilities:				
Accounts Payable	-1,202	0	0	-1,202
Accrued Wages Payable	24,744	0	0	24,744
Compensated Absences Payable	8,815	0	0	8,815
Intergovernmental Payable	2,004	0	0	2,004
Claims Payable	-3,414	60,000	0	56,586
<i>Total Adjustments</i>	<u>69,670</u>	<u>59,752</u>	<u>-440</u>	<u>128,982</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>-\$389,898</u></u>	<u><u>\$42,857</u></u>	<u><u>\$3,115</u></u>	<u><u>-\$343,926</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet				
Trust and Agency	\$67,246			
Less: Agency Funds and Expendable Trust	<u>54,654</u>			
Nonexpendable Trust Fund	<u><u>\$12,592</u></u>			

See accompanying notes to the general purpose financial statements

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Note 1 - Description of the School District and Reporting Entity

The first official body designated as the Knox County Career Center Board of Education was formed in 1966. Knox County Career Center ("School District") is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the right and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes six member school districts spread throughout Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland counties.

The School District is a jointly governed organization operating under a seven member board: three members are appointed by the Knox County Education Service Center Board, three by the City of Mount Vernon School Board, and one by the Richland County Education Service Center Board. The School District provides educational services as authorized and mandated by State or federal agencies.

Reporting Entity

A reporting entity is comprised of the stand-alone government, component units and other organizations that are included to ensure the financial statements are not misleading. The stand-alone government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Knox County Career Center, this includes general operations, food service, preschool and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Tri-Rivers Educational Computer Association, a jointly governed organization. See Note 17.

Note 2 - Summary of Significant Accounting Policies

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Types

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

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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

Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The School District has non-expendable trust, expendable trust, and agency funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust funds and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

"available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 Knox County Budget Commission for rate determination.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution must be 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 School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

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

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each 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.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District has a segregated account for monies held separate from the School District's central bank accounts. This account is presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury. During fiscal year 1999, investments were limited to STAR Ohio and federal agency securities. Investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$212,033 which includes \$9,504 assigned from other School District funds.

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

E. Interfund Assets/Liabilities

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Inventory

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are not depreciated. Enterprise fixed assets are depreciated on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Enterprise</u>
Furniture, Fixtures and Equipment:	10 years

J. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
Ohio Educational Computer Network

Non-Reimbursable Grants

Special Revenue Funds

Title VIB
Title II
Adult Basic Education
Local Professional Development

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

Educational Management Information System

School to Work Grant

Vocational Education

Proprietary Funds

Adult Education

Agency Funds

Federal Pell Grants

Student Loans

Reimbursable Grants

Proprietary Funds

National School Lunch Program

National School Milk Program

Government Donated Commodities

Grants and entitlements amounted to forty-five percent of the School District's governmental fund operating revenue during the 1999 fiscal year.

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes employees who are eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after fourteen years of current service with the School District.

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

L. Accrued Liabilities and Long-Term Obligations

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

financial resources. The energy conservation bonds are reported as a liability of the general long-term obligations account group until due.

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

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for endowments signifies legal restrictions on the use of principal in the nonexpendable trust funds.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to proprietary funds that is not subject to repayment. The School District does not have any contributed capital.

P. Estimates

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

Q. Total Columns on General Purpose Financial Statements

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

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Note 3 - Change in Accounting Principle and Restatements of Prior Years

For fiscal year 1999, the School District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through the Ohio Public Employees Deferred Compensation Plan (OPEDCP). On September 1, 1998, the OPEDCP created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, the balance of the OPEDCP is no longer presented as part of the School District's financial statements.

For fiscal year ending June 30, 1999, the District changed its method of accruing a liability for compensated absences payable from the termination payment method to the vesting method. Management believes the vesting method is preferable as it results in a more accurate estimate of the District's liability. Also for fiscal year 1999, the fund structure was re-evaluated. Several other changes were made from the previous year. These changes had the following effects on fund balance/retained earnings as it was previously reported as of June 30, 1998.

	General	Special Revenue	Expendable Trust
Fund Balance at June 30, 1998	\$4,454,594	\$39,505	\$20,858
Fund Structure	15,125	69,055	-20,327
Interfunds	31,322	-32,625	0
Intergovernmental Payable	9,039	0	0
Restated Fund Balance at June 30, 1998	<u>\$4,510,080</u>	<u>\$75,935</u>	<u>\$531</u>

	Enterprise	Internal Service
Retained Earnings at June 30, 1998	-\$22,480	\$55,012
Fund Structure	28,458	-83,150
Contributed Capital	0	28,138
Inventory	4,990	0
Fixed Assets	7,814	0
Compensated Absences	40,503	0
Interfunds	7,703	0
Deferred Revenue	-3,275	0
Restated Retained Earnings at June 30, 1998	<u>\$63,713</u>	<u>\$0</u>

Knox County Career Center
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For the Fiscal Year Ended June 30, 1999

These changes had the following effect on excess of revenues over expenditures/net income:

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>
Excess as previously reported	\$748,499	-\$50,743	\$2,487
Fund Structure	9,480	7,363	-10,523
Intergovernmental Payable	208	0	0
Excess at June 30, 1998	<u>\$758,187</u>	<u>-\$43,380</u>	<u>-\$8,036</u>

	<u>Enterprise</u>	<u>Internal Service</u>
Net Income as previously reported	\$9,702	\$34,780
Fund Structure	-4,533	-205
Inventory	-1,715	0
Compensated Absences	2,024	0
Net Income at June 30, 1998	<u>\$5,478</u>	<u>\$34,575</u>

Compensated absences in the general long-term debt account group was overstated at June 30, 1998. This restatement decreased the liabilities by \$225,736 from \$920,356 to \$694,620 at July 1, 1998.

General fixed assets were also decreased by \$101,454 from \$5,628,973 to 5,527,519.

The balance of the agency funds decreased by \$15,557 from \$65,859 to \$50,302.

Note 4 - Fund Deficits

The following funds had deficit fund balances/retained earnings at June 30, 1999:

Knox County Career Center
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For the Fiscal Year Ended June 30, 1999

	Deficit Fund Balance
Special Revenue Funds:	
Educational Management Information System	\$28
Miscellaneous State Grants	1,793
Enterprise Funds:	
Food Service	21,060
Adult Education	45,014
Uniform School Supply	21,831
Internal Service Fund:	
Self Insurance	16,596

The deficits in the special revenue funds resulted from the recognition of liabilities in accordance with generally accepted accounting principles. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Management is currently analyzing the enterprise and the internal service funds' deficit retained earnings to determine appropriate steps to alleviate the deficits.

Note 5 - Budgetary Basis of Accounting

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

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

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

Knox County Career Center
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For the Fiscal Year Ended June 30, 1999

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	<u>\$889,398</u>	<u>\$17,384</u>	<u>-\$9,060</u>
Net Adjustment for Revenue Accruals	38,234	18,222	0
Advances In	130,054	101,182	0
Net Adjustment for Expenditure Accruals	-15,477	24,823	0
Advances Out	-111,182	-130,054	0
Adjustment for Encumbrances	<u>-143,940</u>	<u>-33,350</u>	<u>-9,868</u>
Budget Basis	<u>\$787,087</u>	<u>-\$1,793</u>	<u>-\$18,928</u>

Net Income (Loss)/Excess of Revenues Over (Under) Expenses
Proprietary Fund Types and Non-Expendable Trust Fund

	Enterprise	Internal Service	Non-Expendable Trust
GAAP Basis	<u>-\$119,289</u>	<u>-\$16,596</u>	<u>\$3,555</u>
Net Adjustment for Revenue Accruals	30,733	-10,248	39
Net Adjustment for Expense Accruals	60,655	60,000	0
Advances In	10,000	0	0
Capital Outlay	-7,076	0	0
Depreciation Expense	6,164	0	0
Adjustment for Encumbrances	<u>-8,063</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>-\$26,876</u>	<u>\$33,156</u>	<u>\$3,594</u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits: At year-end, the carrying amount of the School District's deposits was \$235,518 and the bank balance was \$442,319. \$108,575 of the bank balance was covered by federal depository insurance. \$333,744 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Cash on Hand: At year end, the School District had \$550 in undeposited cash on hand which is included on the balance sheet of the School District as part of Cash and Cash Equivalents.

Investments: The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The School District's investment in STAR Ohio at June 30, 1999, had a fair market value of \$4,256,440.

	Category	Carrying	Fair
	<u>1</u>	<u>Amount</u>	<u>Value</u>
Federal Agency Securities	\$297,645	\$297,645	\$297,645

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

Knox County Career Center
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For the Fiscal Year Ended June 30, 1999

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

	Cash and Cash Equivalents/Deposit	Investments
GASB Statement No. 9	\$4,790,153	\$0
Investments which are part of a cash management pool:		
Federal Agency Securities	-297,645	297,645
Investment in State Treasurer's Investment Pool	-4,256,440	4,256,440
Cash on Hand	-550	0
GASB Statement No. 3	\$235,518	\$4,554,085

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Knox County Career Center
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The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second - Half Collections		1999 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$511,741,400	67.96%	\$527,543,900	67.16%
Commercial and Industrial	81,361,990	10.81	88,963,100	11.33
Public Utility Personal	61,987,160	8.23	61,928,320	7.89
Tangible Personal Property	97,892,941	13.00	106,946,452	13.62
Total Assessed Values	\$752,983,491	100.00%	\$785,381,772	100.00%
Tax rate per \$1,000 of assessed valuation	\$6.40		\$6.40	

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 later payment dates to be established.

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

The School District receives property taxes from Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Knox County Career Center. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 1999, was \$988,973 in the general fund.

Note 8 - Receivables

Receivables at June 30, 1999, consisted of taxes, accounts (customer services, insurance premiums and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

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Intergovernmental Receivables	Amounts
Special Revenue Funds	
School to Work Grant	\$15,760
Career Development Grant	5,606
VEPD Grant	24,556
Total Special Revenue Funds	45,922
Enterprise Fund	
Lunch Reimbursement	3,251
Total	\$49,173

Note 9 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$126,604
Less accumulated depreciation	81,652
Net Fixed Assets	\$44,952

A summary of the changes in general fixed assets during fiscal year 1999 follows:

	Balance			Balance
	7/1/98	Additions	Deletions	6/30/99
Land and Improvements	\$21,280	\$0	\$0	\$21,280
Buildings and Improvements	4,100,286	1,000	0	4,101,286
Furniture and Equipment	1,198,377	57,434	52,327	1,203,484
Vehicles	53,214	0	0	53,214
Textbooks	154,362	16,393	0	170,755
Total	\$5,527,519	\$74,827	\$52,327	\$5,550,019

There was no significant construction in progress at June 30, 1999.

Note 10 - Risk Management

A. Property and Liability

The School District 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 1999, the School District contracted with Nationwide for property and liability insurance coverages as follows:

Knox County Career Center
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<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
Building and Contents - replacement cost	\$1,000	\$14,300,000
Boiler and Machinery	1,000	14,248,000
Automobile Liability	0	1,000,000
<i>General Liability:</i>		
Per Occurrence	0	2,000,000
General Aggregate	0	5,000,000

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

B. Employee Medical Benefits

During fiscal year 1999, the School District began using an internal service fund for its self insurance activity instead of accounting for it in the general and enterprise funds. Medical, surgical, dental and vision insurance is offered to all employees through a self insurance internal service fund. The School District is self insured with Medical Benefits serving as the third party administrator. The claims liability of \$60,000 reported in the internal service fund at June 30, 1999 is based the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 1999 is as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
1999	\$0	\$152,021	\$92,021	\$60,000

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

Knox County Career Center
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For the Fiscal Year Ended June 30, 1999

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.70 percent of covered payroll was the portion to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$56,610, \$98,807 and \$100,373, respectively; and 100 percent for the fiscal years 1999, 1998 and 1997.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6.0 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$184,727, \$420,947 and \$382,228, respectively; and 100 percent for the fiscal years 1999, 1998 and 1997.

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$246,303 during fiscal year 1999.

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STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998 (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$46,317 during the 1999 fiscal year.

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 125 percent of the annual health care expenses. Expense for health care at June 30, 1998, (the latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS had approximately 50,000 participants currently receiving health care benefits..

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal 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. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 258 days. Upon retirement, payment is made for one-third of total sick leave accumulated; to a maximum of 86 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Insurance

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through CoreSource, Inc. The Board pays the cost of the monthly premium, \$39.50 per employee.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Note 14 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 1999 were as following:

		Outstanding 6/30/98	Additions	Reductions	Outstanding 6/30/99
Energy Conservation Bonds 5.05% Issued June 15, 1995		\$420,000	\$0	\$50,000	\$370,000
Energy Conservation Bonds 4.87% Issued January 15, 1999		0	316,468	0	316,468
Compensated Absences		265,581	0	26,485	239,096
Intergovernmental Payable		9,039	14,419	9,039	14,419
Total General Long-Term Obligations		\$694,620	\$330,887	\$85,524	\$939,983

The bonds will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

The School District's overall legal debt margin was \$70,684,359 unvoted debt margin of \$785,382 at June 30, 1999. Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 1999, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$69,810	\$34,148	\$103,958
2001	70,531	30,598	101,129
2002	76,288	27,064	103,352
2003	82,081	23,241	105,322
2004	82,913	19,345	102,258
2005-2009	173,529	52,116	225,645
2010-2014	131,316	19,793	151,109
Total	\$686,468	\$206,305	\$892,773

Note 15 - State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,081,386 of school foundation support for its general fund.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of these financial statements, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

Note 16 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

Note 17 - Jointly Governed Organization

Tri-Rivers Educational Computer Association (TRECA) is a jointly governed organization among 31 public school districts within the boundaries of Delaware, Marion, Morrow, Knox and Wyandot Counties. TRECA 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 school districts. TRECA operates under the direction of a Board consisting of two representatives from each county, elected by a majority vote of all charter member school districts within each county. The continued existence of TRECA is not dependent on the School District's continued participation and no equity interest exists. TRECA has no outstanding debt. To obtain financial information write to ; Tri-Rivers Educational Computer Association, Mike Carder, who serves as Director, 2222 Marion-Mount Gilead Road, Marion, Ohio 43302. The School District contributed \$12,190 to TRECA during fiscal year 1999.

Note 18 - Segment Information for Enterprise Funds

The School District maintains four enterprise funds to account for the operations of food service, adult education, uniform school supplies and other services. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

	Food Service	Adult Education	Uniform School Supplies	Other	Total Enterprise Funds
Operating Revenues	\$101,088	\$350,269	\$28,095	\$63,792	\$543,244
Depreciation	430	5,734	0	0	6,164
Operating Income (Loss)	-49,730	-412,062	-236	2,460	-459,568
Donated Commodities	8,345	0	0	0	8,345
Interest	32	0	0	0	32
Operating Grants	27,713	153,906	0	0	181,619
Operating Transfers In	0	150,000	0	0	150,000
Net Income (Loss)	-13,640	-108,156	-236	2,743	-119,289
Fixed Assets Additions	0	7,076	0	0	7,076
Net Working Capital	-6,587	-13,277	-21,831	36,075	-5,620
Total Assets	11,653	67,157	10,807	36,265	125,882
Long-Term Compensated Absences Payable	17,115	74,047	0	3,746	94,908
Total Equity	-21,060	-45,014	-21,831	32,329	-55,576
Encumbrances at June 30, 1999	269	7,127	301	429	8,126

Note 19 - Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The School District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conduct School District operations and has identified such systems as being financial reporting, payroll and employee benefits. The School District has two school buildings with efficient power heating systems which have efficiency utilization measures within the systems.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems.

The Northwest Ohio Computer Association State Software Development Team states that,

"The payroll processing software supported with the OECN State Software is compliant with the Year 2000, beginning with the September 1997 release of USPS V4.0.

The accounting software supported with the OECN State Software is compliant with the Year 2000, beginning with the June 1998 release of USAS V6.1.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

The equipment inventory and vehicle inventory system software supported with the OECN State Software will be compliant with the Year 2000, beginning with the December 1998 release of SAAS V2.0.

The education management information system software supported with the OECN State Software will be compliant with the Year 2000, beginning with the September 1998 release of EMIS V1.7."

Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland Counties collect taxes for distribution to the School District. Each County is responsible for remediating their tax collection systems.

The School District had not begun testing or validation of its heating system as of June 30, 1999. The District was in the process of testing and validating this system as of November 4, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

Note 20 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

	Budget Stabilization Reserve	Textbook/ Instructional Materials	Capital Improvements
Set-aside Cash Balance as of June 30, 1998	\$41,475	\$0	\$0
Current year set-aside requirement	48,305	96,609	96,609
The amount of qualifying expenditures during the year	0	-96,609	-96,609
Cash Balance Carried Forward to Fiscal Year 2000	<u>\$89,780</u>	<u>\$0</u>	<u>\$0</u>

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set aside requirement for future years, and are therefore not presented.

Knox County Career Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Note 21 – Interfund Activity

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$146,234	\$0
Special Revenue Funds		
PETE Grant	0	3,500
Adventure Camp	0	15,400
School to Work Grant	0	15,760
Career Development Grant	0	5,606
VEPD Grant	0	24,556
Career and Family Development Grant	0	2,760
Career Adventures	<u>0</u>	<u>5,000</u>
Total Special Revenue Funds	<u>0</u>	<u>72,582</u>
Enterprise Funds		
Food Service	0	5,000
Uniform School Supplies	<u>0</u>	<u>32,250</u>
Total Enterprise Funds	<u>0</u>	<u>37,250</u>
Agency Funds		
Pell Grant	0	23,000
Student Activities	<u>0</u>	<u>13,402</u>
Total Agency Funds	<u>0</u>	<u>36,402</u>
Total All Funds	<u>\$146,234</u>	<u>\$146,234</u>

Note 22 – Compliance

Pursuant to Ohio Revised Code Section 5705-412, the District entered into a negotiated agreement with the Knox County Career Center Staff Association on October 15, 1998, without executing a certificate signed by the treasurer, president of the board of education, and superintendent. A certificate also was not completed with the District's temporary appropriation measure.

The District did not obtain the report for its health-care self-insurance program pursuant to Ohio Revised Code Section 9.833 (C).

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/

Pass Through Grantor

Program Title	CFDA #	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	10.550	N/A	\$ —	\$9,235	\$ —	\$8,345
		051144 03-PU 00				
National School Lunch Program	10.555	051144 04-PU 00	23,510	—	23,510	—
Total U.S. Department of Agriculture - Child Nutrition Cluster			23,510	9,235	23,510	8,345
U.S. DEPARTMENT OF LABOR						
<i>Passed through the Ohio Department of Education:</i>						
Employment Services and Job Training	17.249	051144 WK-BE 00	34,500	—	4,621	—
U.S. DEPARTMENT OF EDUCATION						
<i>Student Financial Assistance Cluster:</i>						
Federal Pell Grant Program	84.063	N/A	\$98,376	\$—	\$96,876	\$—
Federal Direct Student Loan	84.268	N/A	102,988	—	102,988	—
Total Student Financial Assistance Cluster			201,364	—	199,864	—
<i>Passed through the Ohio Department of Education:</i>						
Adult Education State Grant Program	84.002	051144 AB-S1 99	34,359	—	63,706	—
Vocational Education Basic Grants to States	84.048	051144 20-A4 00 051144 20-C1 00 051144 20-C2 00	178,573	—	179,958	—
Eisenhower Professional Development State Grant	84.281	051144 MS-S1 99	1,475	—	1,767	—
Innovative Education Program Strategies	84.298	051144 C2-S1 99	2,285	—	—	—
Total U.S. Department of Education			418,056	—	445,295	—
U.S. DEPARTMENT OF HUMAN SERVICES						
<i>Passed through the Ohio Department of Education:</i>						
Job Opportunities and Basic Skills Training	93.561	051144 JB-S1 97	1,121	—	1,452	—
Total Federal Awards			\$477,187	\$9,235	\$474,878	\$8,345

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at 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. At June 30, 1999, the District had no significant food commodities in inventory.

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OFFICE OF THE AUDITOR

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

Knox County Career Center
306 Martinsburg Road
Mt. Vernon, Ohio 43050

To the Board of Education:

We have audited the financial statements of Knox County Career Center, Knox County, Ohio, (the Center), as of and for the year ended June 30, 1999, and have issued our report thereon dated November 9, 1999, wherein we noted that the Center changed its method of accounting for compensated absences payable and for deferred compensation plans. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-10642-001 and 1999-10642-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Center in a separate letter dated November 9, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Center in a separate letter dated November 9, 1999.

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


JIM PETRO
Auditor of State

November 9, 1999



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Knox County Career Center
306 Martinsburg Road
Mt. Vernon, Ohio 43050

To the Board of Education:

Compliance

We have audited the compliance of the Knox County Career Center, Knox County, Ohio, (the Center), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

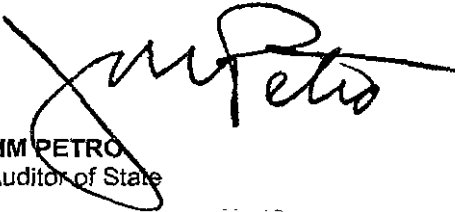
In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

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



JIM PETRO
Auditor of State

November 9, 1999

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

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

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

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

**JUNE 30, 1999
(Continued)**

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

Finding Number	1999-10642-001
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412 Certificates

Ohio Rev. Code Section 5705.412 states that no school district shall adopt any appropriation measure, make any contract, give any order involving the expenditure of money, or increase during any school year any wage or salary schedule unless there is attached thereto a certificate signed by the treasurer and president of the board of education and the superintendent that the school district has in effect for the remainder of the fiscal year and the succeeding fiscal year the authorization to levy taxes including the renewal or replacement of existing levies which, when combined with the estimated revenue from all other sources available to the district at the time of certification, are sufficient to provide the operating revenues necessary to enable the district to maintain all personnel, programs, and services essential to the provision of an adequate educational program for all the days set forth in its adopted school calendars for the current fiscal year and for a number of days in the succeeding fiscal year equal to the number of days instruction was held or is scheduled for the current fiscal year.

Every contract made, order given, or schedule adopted or put into effect without such a certificate shall be void, and no payment of any amount due thereon shall be made.

This section does not require the attachment of a certificate to a temporary appropriation measure if all of the following apply:

- (A) The amount appropriated does not exceed twenty-five per cent of the total amount from all sources available for expenditure from any fund during the preceding fiscal year;
- (B) The measure will not be in effect on or after the thirtieth day following the earliest date on which the district may pass an annual appropriation measure;
- (C) An amended official certificate of estimated resources for the current year, if required, has not been certified to the board of education under division (B) of section 5705.36 of the Revised Code.

The Center entered into a negotiated agreement with the Knox County Career Center Staff Association on October 15, 1998 without executing a certificate signed by the treasurer, president of the board of education, and superintendent. A certificate was also not completed with the Center's temporary appropriation measure, although the measure did not meet the three exception criteria above.

We recommend that a 412 certificate be completed and signed by the Treasurer, Superintendent, and Board President at the time the Board of Education adopts any appropriation measure, makes any contract, gives any order involving the expenditure of money, or increases during any school year any wage or salary schedule.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

JUNE 30, 1999
(Continued)

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

Finding Number	1999-10642-002
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Self-Insurance Report

Ohio Rev. Code Section 9.833(C)(1) states that for self-insurance programs established pursuant to this section, such funds shall be reserved as are necessary, in the exercise of sound and prudent actuarial judgment, to cover potential cost of health care benefits for the officers and employees of the political subdivision. A report of amounts so reserved and disbursements made from such funds, together with a written report of a member of the American academy of actuaries certifying whether the amounts reserved conform to the requirements of this division, are computed in accordance with accepted loss reserving standards, and are fairly stated in accordance with sound loss reserving principles, shall be prepared and maintained, within ninety days after the last day of the fiscal year of the entity for which the report is provided for that fiscal year, in the office of the program administrator described in division (C)(3) of this section.

The Center did not obtain the required report for its health-care self-insurance program.

To ensure that adequate amounts are reserved to cover potential costs of health care benefits, we recommend that the Center obtain the required annual report including the statement from an actuary certifying that the amounts reserved conform with the law, are computed in accordance with accepted loss reserving standards, and are fairly stated in accordance with sound loss reserving principles.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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KNOX COUNTY CAREER CENTER, KNOX 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.

By: _____

Susan Babbitt

Clerk of the Bureau

Date: _____

JAN 20 2000