



**Auditor of State  
Betty Montgomery**



**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Tri-County Career Center  
Athens County  
15676 State Route 691  
Nelsonville, Ohio 45764

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2004, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-County Career Center, Athens County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows where applicable, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the Center implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

July 15, 2005

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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The discussion and analysis of the Tri-County Career Center's financial performance provides an overview and analysis of the Center's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Center's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the School Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Financial Highlights**

- Total assets of Tri-County Career Center exceeded its liabilities at June 30, 2004 by \$5,517,358. This balance was comprised of a \$2,674,870 balance in capital assets, net of related debt and net asset amounts restricted for specific purposes, and \$2,842,488 in unrestricted net assets.
- In total, net assets of governmental activities decreased by \$397,316, which represents a 7.13 percent decrease from 2003. Net assets of the business-type activities decreased \$153,377, which represents a 30.96 percent decrease from 2003.
- General revenues accounted for \$6,796,151 or 95.07 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$352,571 or 4.93 percent of total revenues of \$7,148,722 for the governmental activities.
- The Center had \$7,521,038 in expenses related to governmental activities; only \$352,571 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of \$6,796,151 were used to provide for the remainder of these programs.
- The Center had \$1,033,897 in expenses related to business-type activities; \$855,356 of these expenses was offset by program specific charges for services and sales, grants and contributions.
- The Center recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Center combined. The General Fund had \$6,238,031 in revenues and \$5,836,105 in expenditures in fiscal year 2004.
- The Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Center combined. The Adult Education Fund had \$474,383 in operating revenues and \$887,303 in operating expenses in fiscal year 2004.

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## **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Tri-County Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

## **Reporting the Center as a Whole**

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances, in a manner similar to private-sector business. The statement of net assets and statement of activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net assets presents information on all of the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets are important because they serve as a useful indicator of whether the financial position of the Center as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the Center's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the Center's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

### **Governmental Activities**

Most of the Center's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

### **Business-Type Activities**

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Center's rotary and adult education operations are reported as business activities.



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## **Reporting the Center's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into one of three categories: governmental, proprietary and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

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

### **Proprietary Funds**

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the Center as a whole.

### **Fiduciary Funds**

The Center's only fiduciary fund is an agency fund. We exclude these activities from the Center's other financial statements because the Center cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

### **Notes to the Basic Financial Statements**

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

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(Unaudited)

**Government-Wide Financial Analysis**

Recall that the statement of net assets provides the perspective of the Center as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the Center's net assets for 2004 compared to fiscal year 2003:

Table 1  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b><u>Assets:</u></b>						
Current and Other Assets	\$6,628,388	\$6,415,607	\$340,417	\$463,922	\$6,968,805	\$6,879,529
Capital Assets, Net	2,302,781	2,706,782	119,900	103,000	2,422,681	2,809,782
<i>Total Assets</i>	8,931,169	9,122,389	460,317	566,922	9,391,486	9,689,311
<b><u>Liabilities:</u></b>						
Long-Term Liabilities	419,731	392,582	7,039	6,165	426,770	398,747
Other Liabilities	3,336,051	3,157,104	111,307	65,409	3,447,358	3,222,513
<i>Total Liabilities</i>	3,755,782	3,549,686	118,346	71,574	3,874,128	3,621,260
<b><u>Net Assets:</u></b>						
Invested in Capital Assets	2,302,781	2,706,782	119,900	103,000	2,422,681	2,809,782
Restricted	252,189	579,231	0	0	252,189	579,231
Unrestricted	2,620,417	2,286,690	222,071	392,348	2,842,488	2,679,038
<i>Total Net Assets</i>	<u>\$5,175,387</u>	<u>\$5,572,703</u>	<u>\$341,971</u>	<u>\$495,348</u>	<u>\$5,517,358</u>	<u>\$6,068,051</u>

Current and other assets increased \$89,276 or 1.30 percent from fiscal year 2003. This increase is the result of an increase in cash and cash equivalents held by the Center.

Capital assets decreased by \$387,101 as a result of the current year depreciation.

Current (other) liabilities increased \$224,845 due to an increase in accounts payable and intergovernmental payable for fiscal year 2004.

Long-term liabilities increased \$28,023 due to an increase in compensated absences payable.

The net assets of the Center's business-type activities decreased \$153,377 or 30.96 percent. This change is mostly due to the adult education program.

For governmental activities, the Center's smallest portion of net assets of \$252,189 or 4.87 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

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The next largest portion of net assets for governmental activities is the net assets related to amounts invested in capital assets of \$2,302,781 or 44.49 percent. The Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

The remaining balance for governmental activities of \$2,620,417 or 50.64 percent is unrestricted. These net assets represent resources that may be used to meet the Center's ongoing obligations to its students and creditors.

Table 2 shows the changes in net assets for fiscal year 2004. Since this is the first year the Center has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2003 are not available.

Table 2  
**Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
	2004	2004	2004
<b><u>Revenues:</u></b>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$29,741	\$582,364	\$612,105
Operating Grants and Contributions	322,830	246,951	569,781
Capital Grants and Contributions	0	26,041	26,041
<i>General Revenues:</i>			
Property Taxes	2,658,290	0	2,658,290
Unrestricted Grants and Entitlements	3,974,938	0	3,974,938
Investments Earnings	67,669	0	67,669
Gain on Sale of Capital Assets	27	0	27
Miscellaneous	95,227	164	95,391
<i>Total Revenues</i>	7,148,722	855,520	8,004,242
<b><u>Expenses:</u></b>			
<i>Program Expenses:</i>			
<i>Instruction:</i>			
Regular	376,885	0	376,885
Special	10,192	0	10,192
Vocational	3,611,907	0	3,611,907
Adult/Continuing	129,340	0	129,340

(Continued)

**TRI-COUNTY CAREER CENTER**  
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Table 2  
**Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
	2004	2004	2004
<i>Support Services:</i>			
Pupils	374,363	0	374,363
Instructional Staff	161,796	0	161,796
Board of Education	95,145	0	95,145
Administration	641,161	0	641,161
Fiscal	370,018	0	370,018
Business	69,023	0	69,023
Operation and Maintenance of Plant	1,369,313	0	1,369,313
Pupil Transportation	250	0	250
Central	177,609	0	177,609
Operation of Non-Instructional Services	128,599	0	128,599
Extracurricular Activities	5,437	0	5,437
Adult Education	0	911,455	911,455
Rotary	0	54,138	54,138
Uniform School Supplies	0	68,304	68,304
<i>Total Expenses</i>	<u>7,521,038</u>	<u>1,033,897</u>	<u>8,554,935</u>
Excess Revenues (Expenses) Before Transfers	(372,316)	(178,377)	(550,693)
Transfers	(25,000)	25,000	0
<i>Changes in Net Assets</i>	<u>(397,316)</u>	<u>(153,377)</u>	<u>(550,693)</u>
Net Assets at Beginning of Year	<u>5,572,703</u>	<u>495,348</u>	<u>6,068,051</u>
Net Assets at End of Year	<u><u>\$5,175,387</u></u>	<u><u>\$341,971</u></u>	<u><u>\$5,517,358</u></u>

**TRI-COUNTY CAREER CENTER**  
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The most significant program expenses for the Center are Vocational Instruction, Operation and Maintenance of Plant, Administration and Regular Instruction. These programs account for 80.03 percent of the total governmental activities. Vocational Instruction, which accounts for 48.18 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Operation and Maintenance of Plant, which represents 18.27 percent of the total, represents costs associated with operating and maintaining the Center's facilities. Administration, which accounts for 8.55 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Center as a whole. Regular Instruction, which represents 5.03 percent of the total, represents costs associated with providing general educational services.

The majority of the funding for the most significant programs indicated above is from property taxes, and grants and entitlements not restricted for specific programs. Property taxes, and grants and entitlements not restricted for specific programs accounts for 92.79 percent of total revenues for governmental activities.

The most significant program expenses for the Center's business-type activities is Adult Education. This program, which accounts for 88.16 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

### **Governmental Activities**

Over the past several fiscal years, the Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 37.19 percent and intergovernmental revenue made up 60.12 percent of the total revenue for the governmental activities in fiscal year 2004.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 2 mills. The Center's effective millage rate is currently at 2.0, while the operating millage rate is currently at 3.30 mills.

The Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2004, the Center received \$3,140,655 through the State's foundation program, which represents 43.93 percent of the total revenue for the governmental activities. The Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 55.07 percent of governmental program expenses. Support services expenses make up 43.47 percent of governmental expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

**TRI-COUNTY CAREER CENTER**  
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*(Unaudited)*

**Business-Type Activities**

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of \$855,356 and expenses of \$1,033,897 for fiscal year 2004. Over 68 percent of those program revenues were from charges for services for tuition and classroom materials and fees in the adult education program.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2004. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Activities**

	Total Cost of Services	Net Cost of Services
	2004	2004
<b><u>Program Expenses:</u></b>		
<i>Governmental Activities:</i>		
Instruction	\$4,128,324	\$3,982,737
Support Services	3,258,678	3,123,522
Operation of Non-Instructional Services	128,599	56,771
Extracurricular Activities	5,437	5,437
<i>Business-Type Activities:</i>		
Adult Education	911,455	164,080
Rotary	54,138	8,403
Uniform School Supplies	68,304	6,058
Total Expenses	\$8,554,935	\$7,347,008

**The Center's Funds**

The Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies and procedures). All governmental funds had total revenues and other financing sources of \$7,170,936 and expenditures and other financing uses of \$7,250,736.

Total governmental funds fund balance decreased by \$79,800. The decrease in fund balance for the year was most significant in the Other Governmental Funds.

The Center should remain stable in fiscal years 2005 through 2007. However, projections beyond fiscal year 2007 show the Center may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

**TRI-COUNTY CAREER CENTER**  
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*(Unaudited)*

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**Budget Highlights - General Fund**

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the Center amended its General Fund budget several times. The Center uses a modified program-based budget technique that is designed to control program budgets while providing administrators and supervisors flexibility for program management.

The Center prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was \$5,786,400 representing an \$40,000 increase from the original budget estimates of \$5,746,400. The final budget reflected a .70 percent increase from the original budgeted amount. This difference was due to the Center not budgeting enough for intergovernmental revenues on the original budget. For the General Fund, the final budget basis expenditures were \$6,499,020 representing an increase of \$500 from the original budget estimates of \$6,498,520.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2004, the Center had \$9.4 million invested in capital assets in the governmental activities and \$0.3 million in the business-type activities. These totals carry accumulated depreciation of \$7.1 million and \$0.2 million, respectively. Table 4 shows fiscal year 2004 balances compared to fiscal year 2003.

**TRI-COUNTY CAREER CENTER**  
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(Unaudited)

Table 4  
**Capital Assets & Accumulated Depreciation at June 30, 2004**

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
<i>Nondepreciable Capital Assets:</i>				
Land	\$26,308	\$26,308	\$0	\$0
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,116,128	4,116,128	0	0
Furniture, Fixtures and Equipment	4,878,737	4,860,403	270,779	226,950
Vehicles	435,092	435,092	0	0
<i>Total Capital Assets</i>	9,456,265	9,437,931	270,779	226,950
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(3,643,526)	(3,502,592)	0	0
Furniture, Fixtures and Equipment	(3,361,084)	(3,119,630)	(150,879)	(123,950)
Vehicles	(148,874)	(108,927)	0	0
<i>Total Accumulated Depreciation</i>	(7,153,484)	(6,731,149)	(150,879)	(123,950)
Capital Assets, Net	\$2,302,781	\$2,706,782	\$119,900	\$103,000

More detailed information pertaining to the Center's capital asset activity can be found in the notes to the basic financial statements.



**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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**Debt Administration**

At June 30, 2004, the Center had no general obligation debt outstanding.

Detailed information pertaining to the Center's only long-term liability activity can be found in the notes to the basic financial statements.

**Current Issues**

Although considered a mid-wealth district, Tr-County Career Center is financially stable, and has been over the past several years. As indicated in the preceding financial information, the Center is dependent on property taxes and state funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from property taxes to meet inflation. Careful financial planning has permitted the Center to provide a quality education for our students.

As indicated in the preceding financial information, the Center relies on the State funding for over 43 percent of their funding. In the summer of 2003, the Governor's Blue Ribbon Task Force on Financing Student Success began the challenge of developing a school funding system that is effective and for which a consensus can be developed. As of the date of these financial statements, the Center is unable to determine what effect, if any, this will have on its future State funding and on its financial statements.

The State Legislature has also made several significant changes impacting local taxes:

In 2003, the Ohio Legislature modified the provisions of the 1999 HB283. This bill was designed to reduce the assessed valuation of the inventory component of personal property tax from 25 percent to 0 percent by 2031. The modification speeds up the reduction of assessed valuation to be completed in half the original time. Effective January 1, 2001 non-municipal owned electric utilities and rural cop-ops were deregulated in the State of Ohio. All electric company personal property were reduced from 100 percent assessed value (from 50 percent for rural co-ops) to 25 percent. (Distribution and transmission of personal property will continue to be assessed at 88 percent.) This significantly reduced revenues to certain school districts and moderately affects others.

Effective May 1, 2001 a kilowatt hour (KWH) tax began being collected. 37.8 percent of these new dollars would be deposited in a new Property Tax Replacement Fund (PTRF). 70 percent of the PTRF will be paid to school districts that lost revenue as determined by the Ohio Department of Taxation. First, distribution will be made to cover costs of fixed sum levies such as debt issues and emergency levies. Next, fixed rate levies would be replaced from 2002 through 2006; after this a phase out formula would begin.

The above changes affect the Center's property tax revenue. Based on these factors, the Board of Education and the administration of the Center must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Center.

Residential growth has not eluded the Center over the past few years. Increasing numbers of housing developments are being approved. Residential/agricultural property contributes over 82 percent of the Center's real estate valuation.

Commercial growth saw an increase in assessed valuation in calendar 2004. This was mainly due to increased valuation of the businesses located mainly within the boundaries of the Center.

***TRI-COUNTY CAREER CENTER***  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*(Unaudited)*

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**Contacting the Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it received. If you have any questions about this report or need additional information contact Laura Dukes, Treasurer of Tri-County Career Center, 15676 State Route 691, Nelsonville, OH 45764.

**TRI-COUNTY CAREER CENTER**

*Statement of Net Assets*

*June 30, 2004*

	Governmental Activities	Business-Type Activities	Total
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$3,734,613	\$319,590	\$4,054,203
Property Taxes Receivable	2,732,097	0	2,732,097
Accounts Receivable	1,312	20,827	22,139
Intergovernmental Receivable	70,593	0	70,593
Accrued Interest Receivable	2,057	0	2,057
Prepaid Items	45,789	0	45,789
Inventory Held for Resale	4,230	0	4,230
Materials and Supplies Inventory	37,697	0	37,697
Nondepreciable Capital Assets	26,308	0	26,308
Depreciable Capital Assets, Net	2,276,473	119,900	2,396,373
<i>Total Assets</i>	<u>8,931,169</u>	<u>460,317</u>	<u>9,391,486</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	117,862	36,784	154,646
Accrued Wages and Benefits	464,137	45,303	509,440
Contracts Payable	4,960	0	4,960
Intergovernmental Payable	340,354	29,220	369,574
Deferred Revenue	2,408,738	0	2,408,738
<i>Long-Term Liabilities:</i>			
Due within One Year	94,988	357	95,345
Due in More Than One Year	324,743	6,682	331,425
<i>Total Liabilities</i>	<u>3,755,782</u>	<u>118,346</u>	<u>3,874,128</u>
<b><u>Net Assets:</u></b>			
Invested in Capital Assets	2,302,781	119,900	2,422,681
<i>Restricted for:</i>			
Capital Projects	59,562	0	59,562
Other Purposes	192,627	0	192,627
Unrestricted	2,620,417	222,071	2,842,488
<i>Total Net Assets</i>	<u>\$5,175,387</u>	<u>\$341,971</u>	<u>\$5,517,358</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2004

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b><u>Governmental Activities:</u></b>				
<i>Instruction:</i>				
Regular	\$376,885	\$0	\$7,322	\$0
Special	10,192	0	5,222	0
Vocational	3,611,907	0	5,200	0
Adult/Continuing	129,340	0	127,843	0
<i>Support Services:</i>				
Pupils	374,363	0	37,207	0
Instructional Staff	161,796	0	37,774	0
Board of Education	95,145	0	0	0
Administration	641,161	0	0	0
Fiscal	370,018	0	0	0
Business	69,023	0	0	0
Operation and Maintenance of Plant	1,369,313	0	0	0
Pupil Transportation	250	0	0	0
Central	177,609	0	60,175	0
<i>Operation of Non-Instructional Services:</i>				
Food Services	128,406	29,741	42,087	0
Other	193	0	0	0
Extracurricular Activities	5,437	0	0	0
<i>Total Governmental Activities</i>	<u>7,521,038</u>	<u>29,741</u>	<u>322,830</u>	<u>0</u>
<b><u>Business-Type Activities:</u></b>				
Adult Education	911,455	474,383	246,951	26,041
Rotary	54,138	45,735	0	0
Uniform School Supplies	68,304	62,246	0	0
<i>Total Business-Type Activities</i>	<u>1,033,897</u>	<u>582,364</u>	<u>246,951</u>	<u>26,041</u>
<i>Totals</i>	<u>\$8,554,935</u>	<u>\$612,105</u>	<u>\$569,781</u>	<u>\$26,041</u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Gain on Sale of Capital Assets  
Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Assets

*Net Assets at Beginning of Year - As Restated (See Note 3)*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$369,563)	\$0	(\$369,563)
(4,970)	0	(4,970)
(3,606,707)	0	(3,606,707)
(1,497)	0	(1,497)
(337,156)	0	(337,156)
(124,022)	0	(124,022)
(95,145)	0	(95,145)
(641,161)	0	(641,161)
(370,018)	0	(370,018)
(69,023)	0	(69,023)
(1,369,313)	0	(1,369,313)
(250)	0	(250)
(117,434)	0	(117,434)
(56,578)	0	(56,578)
(193)	0	(193)
(5,437)	0	(5,437)
<u>(7,168,467)</u>	<u>0</u>	<u>(7,168,467)</u>
0	(164,080)	(164,080)
0	(8,403)	(8,403)
0	(6,058)	(6,058)
<u>0</u>	<u>(178,541)</u>	<u>(178,541)</u>
<u>(7,168,467)</u>	<u>(178,541)</u>	<u>(7,347,008)</u>
2,658,290	0	2,658,290
3,974,938	0	3,974,938
67,669	0	67,669
27	0	27
95,227	164	95,391
<u>6,796,151</u>	<u>164</u>	<u>6,796,315</u>
<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
<u>6,771,151</u>	<u>25,164</u>	<u>6,796,315</u>
(397,316)	(153,377)	(550,693)
<u>5,572,703</u>	<u>495,348</u>	<u>6,068,051</u>
<u>\$5,175,387</u>	<u>\$341,971</u>	<u>\$5,517,358</u>

**TRI-COUNTY CAREER CENTER**

*Balance Sheet  
Governmental Funds  
June 30, 2004*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$3,225,022	\$429,315	\$3,654,337
Property Taxes Receivable	2,732,097	0	2,732,097
Accounts Receivable	1,312	0	1,312
Intergovernmental Receivable	0	70,593	70,593
Accrued Interest Receivable	2,057	0	2,057
Interfund Receivable	128,597	0	128,597
Prepaid Items	45,789	0	45,789
Inventory Held for Resale	0	4,230	4,230
Materials and Supplies Inventory	37,697	0	37,697
<i>Total Assets</i>	<u>\$6,172,571</u>	<u>\$504,138</u>	<u>\$6,676,709</u>
<b><u>Liabilities and Fund Balances:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable	\$62,813	\$55,049	\$117,862
Accrued Wages and Benefits	426,245	37,892	464,137
Contracts Payable	0	4,960	4,960
Intergovernmental Payable	301,286	26,661	327,947
Interfund Payable	0	128,597	128,597
Deferred Revenue	2,589,668	70,593	2,660,261
Compensated Absences Payable	19,434	98	19,532
<i>Total Liabilities</i>	<u>3,399,446</u>	<u>323,850</u>	<u>3,723,296</u>
<b><u>Fund Balances:</u></b>			
Reserved for Encumbrances	151,752	62,682	214,434
Reserved for Property Taxes	142,429	0	142,429
<i>Unreserved, Undesignated, Reported in:</i>			
General Fund	2,478,944	0	2,478,944
Special Revenue Funds	0	62,546	62,546
Capital Projects Funds	0	55,060	55,060
<i>Total Fund Balances</i>	<u>2,773,125</u>	<u>180,288</u>	<u>2,953,413</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,172,571</u>	<u>\$504,138</u>	<u>\$6,676,709</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2004*

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<b>Total Governmental Funds Balances</b>	<b>\$2,953,413</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,277,621
Some of the Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Property taxes	184,893
Intergovernmental	66,630
Total receivables that are not reported in the funds	251,523
Intergovernmental payables include contractually required pension contributions not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(12,046)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Compensated absences	(400,199)
An internal service fund is used by management to charge the costs of insurance to individual funds. The asset and liabilities of the internal service fund are allocated in governmental activities in the statement of net assets.	105,075
<i>Net Assets of Governmental Activities</i>	<b>\$5,175,387</b>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2004*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
Property Taxes	\$2,642,999	\$0	\$2,642,999
Intergovernmental	3,520,871	710,902	4,231,773
Interest	66,022	1,647	67,669
Customer Sales and Services	0	29,741	29,741
Miscellaneous	8,139	87,088	95,227
<i>Total Revenues</i>	<u>6,238,031</u>	<u>829,378</u>	<u>7,067,409</u>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	337,985	7,457	345,442
Special	0	10,600	10,600
Vocational	3,267,607	226,167	3,493,774
Adult/Continuing	0	129,340	129,340
<i>Support Services:</i>			
Pupils	224,255	123,186	347,441
Instructional Staff	91,436	40,402	131,838
Board of Education	94,795	0	94,795
Administration	623,279	0	623,279
Fiscal	366,497	0	366,497
Business	65,181	0	65,181
Operation and Maintenance of Plant	757,654	465,142	1,222,796
Pupil Transportation	250	0	250
Central	1,785	171,638	173,423
Operation of Non-Instructional Services	0	112,199	112,199
Extracurricular Activities	5,381	0	5,381
<i>Total Expenditures</i>	<u>5,836,105</u>	<u>1,286,131</u>	<u>7,122,236</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>401,926</u>	<u>(456,753)</u>	<u>(54,827)</u>
<b><u>Other Financing Sources (Uses):</u></b>			
Proceeds from the Sale of Capital Assets	27	0	27
Transfers In	0	103,500	103,500
Transfers Out	(128,500)	0	(128,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(128,473)</u>	<u>103,500</u>	<u>(24,973)</u>
<i>Net Change in Fund Balances</i>	273,453	(353,253)	(79,800)
<i>Fund Balances at Beginning of Year - As Restated (See Note 3)</i>	<u>2,499,672</u>	<u>533,541</u>	<u>3,033,213</u>
<i>Fund Balances at End of Year</i>	<u>\$2,773,125</u>	<u>\$180,288</u>	<u>\$2,953,413</u>

See accompanying notes to the basic financial statements.



**TRI-COUNTY CAREER CENTER**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2004*

**Net Change in Fund Balances - Total Governmental Funds** (\$79,800)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (402,988)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. 3,137

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:

Property taxes	15,291	
Intergovernmental	67,265	

Total receivables not reported in the funds 82,556

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(7,349)	
Increase in intergovernmental payables	(10,563)	

Total expenditures not reported in the funds (17,912)

The internal service fund used by management to charge the cost of services to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the activities. 17,691

*Change in Net Assets of Governmental Activities* (\$397,316)

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Property Taxes	\$2,420,000	\$2,420,000	\$2,633,271	\$213,271
Intergovernmental	3,226,000	3,266,000	3,520,871	254,871
Interest	95,000	95,000	63,965	(31,035)
Miscellaneous	5,400	5,400	7,404	2,004
<i>Total Revenues</i>	<u>5,746,400</u>	<u>5,786,400</u>	<u>6,225,511</u>	<u>439,111</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	323,055	344,595	327,907	16,688
Vocational	3,744,236	3,697,614	3,340,735	356,879
<i>Support Services:</i>				
Pupils	231,225	232,907	225,356	7,551
Instructional Staff	110,708	112,408	89,729	22,679
Board of Education	79,468	91,768	101,050	(9,282)
Administration	682,682	669,882	597,872	72,010
Fiscal	385,411	385,411	358,899	26,512
Business	113,239	131,439	63,107	68,332
Operation and Maintenance of Plant	816,846	820,646	770,314	50,332
Pupil Transportation	0	700	250	450
Central	6,850	6,850	1,785	5,065
Extracurricular Activities	4,800	4,800	4,971	(171)
<i>Total Expenditures</i>	<u>6,498,520</u>	<u>6,499,020</u>	<u>5,881,975</u>	<u>617,045</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(752,120)</u>	<u>(712,620)</u>	<u>343,536</u>	<u>1,056,156</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from the Sale of Capital Assets	500	500	27	(473)
Advances In	92,750	92,750	75,750	(17,000)
Advances Out	(90,000)	(90,000)	(80,000)	10,000
Transfers Out	(128,500)	(128,500)	(128,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(125,250)</u>	<u>(125,250)</u>	<u>(132,723)</u>	<u>(7,473)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(877,370)</u>	<u>(837,870)</u>	<u>210,813</u>	<u>1,048,683</u>
<i>Fund Balance at Beginning of Year</i>	2,805,141	2,805,141	2,805,141	0
Prior Year Encumbrances Appropriated	24,210	24,210	24,210	0
<i>Fund Balance at End of Year</i>	<u>\$1,951,981</u>	<u>\$1,991,481</u>	<u>\$3,040,164</u>	<u>\$1,048,683</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**

*Statement of Net Assets*

*Proprietary Funds*

*June 30, 2004*

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<b><u>Assets:</u></b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$196,068	\$123,522	\$319,590	\$80,276
Accounts Receivable	15,335	5,492	20,827	0
Intergovernmental Receivable	0	0	0	0
<i>Noncurrent Assets:</i>				
Depreciable Capital Assets, Net	119,900	0	119,900	25,160
<i>Total Assets</i>	<u>331,303</u>	<u>129,014</u>	<u>460,317</u>	<u>105,436</u>
<b><u>Liabilities:</u></b>				
<i>Current Liabilities:</i>				
Accounts Payable	30,068	6,716	36,784	0
Accrued Wages and Benefits	45,303	0	45,303	0
Intergovernmental Payable	29,220	0	29,220	361
Compensated Absences Payable	357	0	357	0
<i>Noncurrent Liabilities:</i>				
Compensated Absences Payable	6,682	0	6,682	0
<i>Total Liabilities</i>	<u>111,630</u>	<u>6,716</u>	<u>118,346</u>	<u>361</u>
<b><u>Net Assets:</u></b>				
Invested in Capital Assets	119,900	0	119,900	25,160
Unrestricted	99,773	122,298	222,071	79,915
<i>Total Net Assets</i>	<u>\$219,673</u>	<u>\$122,298</u>	<u>\$341,971</u>	<u>\$105,075</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2004*

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<b><u>Operating Revenues:</u></b>				
Tuition	\$445,849	\$0	\$445,849	\$0
Classroom Materials and Fees	28,534	62,246	90,780	0
Charges for Services	0	45,735	45,735	52,709
Other Revenues	0	164	164	0
<i>Total Operating Revenues</i>	<u>474,383</u>	<u>108,145</u>	<u>582,528</u>	<u>52,709</u>
<b><u>Operating Expenses:</u></b>				
Salaries	409,252	0	409,252	24,016
Fringe Benefits	131,150	0	131,150	6,852
Purchased Services	212,312	0	212,312	0
Materials and Supplies	99,372	112,597	211,969	0
Depreciation	28,809	14	28,823	712
Other	6,408	0	6,408	0
<i>Total Operating Expenses</i>	<u>887,303</u>	<u>112,611</u>	<u>999,914</u>	<u>31,580</u>
<i>Operating Income (Loss)</i>	<u>(412,920)</u>	<u>(4,466)</u>	<u>(417,386)</u>	<u>21,129</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>				
Federal and State Subsidies	246,951	0	246,951	0
Loss on Sale of Capital Assets	(24,152)	(9,831)	(33,983)	(5,588)
Contributions	26,041	0	26,041	2,150
<i>Total Nonoperating Revenues (Expenses)</i>	<u>248,840</u>	<u>(9,831)</u>	<u>239,009</u>	<u>(3,438)</u>
<i>Income (Loss) before Transfers</i>	<u>(164,080)</u>	<u>(14,297)</u>	<u>(178,377)</u>	<u>17,691</u>
Transfers In	25,000	0	25,000	0
<i>Change in Net Assets</i>	<u>(139,080)</u>	<u>(14,297)</u>	<u>(153,377)</u>	<u>17,691</u>
<i>Net Assets at Beginning of Year - As Restated (See Note 3)</i>	<u>358,753</u>	<u>136,595</u>	<u>495,348</u>	<u>87,384</u>
<i>Net Assets at End of Year</i>	<u>\$219,673</u>	<u>\$122,298</u>	<u>\$341,971</u>	<u>\$105,075</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>				
<b><u>Cash Flows from Operating Activities:</u></b>				
Cash Received from Sales	\$28,534	\$61,638	\$90,172	\$0
Cash Received from Tuition and Charges for Services	487,506	45,811	533,317	52,709
Other Cash Receipts	0	164	164	0
Cash Payments to Employees for Services	(404,093)	0	(404,093)	(24,016)
Cash Payments for Employee Benefits	(127,043)	0	(127,043)	(6,532)
Cash Payments for Goods and Services	(286,045)	(106,662)	(392,707)	0
Other Cash Payments	(6,410)	0	(6,410)	0
<i>Net Cash from Operating Activities</i>	<u>(307,551)</u>	<u>951</u>	<u>(306,600)</u>	<u>22,161</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>				
Operating Grants Received	246,951	0	246,951	0
Transfers In	25,000	0	25,000	0
Advances Out	0	(750)	(750)	0
<i>Net Cash from Noncapital Financing Activities</i>	<u>271,951</u>	<u>(750)</u>	<u>271,201</u>	<u>0</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>				
Cash Payments for Capital Acquisitions	(46,981)	0	(46,981)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(82,581)	201	(82,380)	22,161
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>278,649</u>	<u>123,321</u>	<u>401,970</u>	<u>58,115</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$196,068</u></u>	<u><u>\$123,522</u></u>	<u><u>\$319,590</u></u>	<u><u>\$80,276</u></u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>				
<b><u>to Net Cash from Operating Activities:</u></b>				
Operating Income (Loss)	(\$412,920)	(\$4,466)	(\$417,386)	\$21,129
<b><u>Adjustments to Reconcile Operating Income (Loss)</u></b>				
<b><u>to Net Cash from Operating Activities:</u></b>				
Depreciation	28,807	14	28,821	712
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	41,657	(532)	41,125	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	29,964	6,716	36,680	0
Accrued Wages and Benefits	4,285	0	4,285	0
Intergovernmental Payable	6,464	(781)	5,683	320
Compensated Absences Payable	(5,808)	0	(5,808)	0
Total Adjustments	<u>105,369</u>	<u>5,417</u>	<u>110,786</u>	<u>1,032</u>
<i>Net Cash from Operating Activities</i>	<u><u>(\$307,551)</u></u>	<u><u>\$951</u></u>	<u><u>(\$306,600)</u></u>	<u><u>\$22,161</u></u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**

*Statement of Fiduciary Net Assets*

*Fiduciary Fund*

*June 30, 2004*

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	<u>Agency</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$63,901</u>
<i>Total Assets</i>	<u>63,901</u>
<b><u>Liabilities:</u></b>	
Undistributed Monies	2,314
Due to Students	<u>61,587</u>
<i>Total Liabilities</i>	<u><u>\$63,901</u></u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY**

The Tri-County Career Center is a joint vocational school 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 rights 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 Center includes eight participating districts spread throughout Athens, Hocking and Perry Counties.

The Center operates under a eleven-member Board of Education and is responsible for the provision of public education to residents of the Center. The Board of Education of the Center is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The Center has an enrollment of 489 students and is staffed by 33 classified, 64 certified and 4 administrative employees.

**Reporting Entity**

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the Center are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes general operations, include student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

Component units are legally separate organizations for which the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organizations' resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The Center is involved with the Southeastern Ohio Voluntary Education Cooperative (SEOVEC), Southeastern Ohio Special Education Regional Resource Center (SERRC), and the Athens County School Employees Health and Welfare Benefit Association, which are defined as jointly governed organizations. The Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Tri-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 Center 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 Center's accounting policies are described below.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities.

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

**Fund Financial Statements**

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

**B. Fund Accounting**

The Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the Center fall within three categories: governmental, proprietary and fiduciary.



**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Center are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following is the Center's only major governmental fund:

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

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

**Proprietary Funds**

The focus of proprietary funds is on the determination of the change in net assets, financial position and cash flows. An internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Center, or to other governments, on a cost reimbursement basis. The only internal service fund of the Center accounts for the activities of an educational media resource center. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following is the Center's only major proprietary fund:

**Adult Education Fund** - This fund is used to account for transactions made in connection with adult education classes.

The other proprietary funds of the Center account for transactions made in connection with tools and supplies provided to and rotary accounts maintained for the vocational education classes.

**Fiduciary Funds**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures**

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

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

**E. Cash and Cash Equivalents**

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

During the fiscal year 2004, the Center's investments were limited to a savings account and certificates of deposit.

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2004 amounted to \$66,022 which includes \$14,598 assigned from other Center funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents.

**F. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated and purchased food held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed, used or sold.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2004, 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.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds.. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of three hundred dollars. The Center does not possess any infrastructure. Improvements are capitalized; the 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 proprietary fund capital assets is also capitalized.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for governmental and business-type activities:

Description	Estimated Lives
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable”. These amounts are eliminated in the governmental activities column of the statement of net assets.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributed to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payments 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 Center’s termination policy. The Center records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 15 years of service with the Center.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Compensated Absences Payable” in the fund from which the employees will be paid.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

**K. Accrued Liabilities and Long-Term Liabilities**

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

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

**L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance Reserves**

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

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

**N. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Center, these revenues are tuition, classroom fees and charges for services for the adult education program, vocational education classes and internal services activities. Operating expenses are necessary costs incurred to provide the service that is the primary activity of that fund.

**O. Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

**P. Estimates**

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

**Q. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2004.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/EQUITY**

**Changes in Accounting Principles**

For fiscal year 2004, the Center has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB Statement No. 38, "Certain Financial Statement Note Disclosures," and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statement Nos. 37 and 38, and GASB Interpretation No. 6.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/  
EQUITY** - (Continued)

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

The government-wide financial statements present the Center's programs as governmental and business-type activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

**Restatement of Fund Balances/Equity**

The restatements for a fund reclassification and GASB Statement No. 34 had the following effects on fund balance of the major and nonmajor governmental funds of the Center as they were previously reported.

	General	Nonmajor Governmental	Total
<b>Governmental Activities:</b>			
Fund Balances, June 30, 2003	\$2,499,672	\$557,469	\$3,057,141
Reclassify Food Service Fund	0	(23,928)	(23,928)
Adjusted Fund Balances, June 30, 2003	\$2,499,672	\$533,541	3,033,213
<i>GASB 34 Adjustments:</i>			
Intergovernmental Receivable			635
Property Taxes Receivable			169,602
Capital Assets			2,677,472
Intergovernmental Payable			(3,021)
<i>Long-Term Obligations:</i>			
Compensated Absences Payable			(392,582)
Internal Service Fund			87,384
Net Assets, June 30, 2003			\$5,572,703



**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/  
EQUITY** - (Continued)

The restatements for a fund reclassification had the following effects on the fund equity of major and nonmajor enterprise funds of the Center as they were previously reported.

	Adult Education	Nonmajor Enterprise	Total
<b>Business-Type Activities:</b>			
Fund Equity, June 30, 2003	\$358,753	\$153,199	\$511,952
Reclassify Food Service Fund	0	(16,604)	(16,604)
Net Assets, June 30, 2003	\$358,753	\$136,595	\$495,348

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (budget basis) is presented for the General Fund on the budget 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** - (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund:

Net Change in Fund Balance	
GAAP Basis	\$273,453
<i>Adjustments:</i>	
Revenue Accruals	(12,520)
Expenditure Accruals	159,886
Encumbrances	(205,756)
Other Sources (Uses)	(4,250)
Budget Basis	\$210,813

**NOTE 5 - ACCOUNTABILITY**

**Fund Deficits**

Fund balances at June 30, 2004 included the following individual fund deficits:

*Nonmajor Special Revenue Funds:*

Food Service	\$42,944
Network System	5,536
Driver's Education	250
Vocational Education	47,525
Title VI	4
Miscellaneous Federal Grants	13,535

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS**

State statutes requires the classification of monies held by the Center into three categories:

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

Inactive deposits are public deposits that the Board 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 accounts including pass book accounts.

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

Interim monies may be 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 fair 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 fair value daily, and that the term of agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS** - (Continued)

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); and
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 interim moneys available for investment at any time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, 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 and Reverse Repurchase Agreements."

**Deposits:** At fiscal year-end, the carrying amount of the Center's deposits was \$4,118,104 and the bank balance was \$4,332,553 bank balance, \$200,000 was covered by federal deposit insurance, \$900,000 was collateralized with securities held by the Center or by its agency in the Center's name, and \$3,232,553 was considered uninsured and uncollateralized, although it was covered by a collateral pool, allowed under Ohio Revised Code Section 135.181. Although the pledging institution and the Center met all State statutory requirements for the deposit of money, noncompliance with federal requirements would potentially subject the Center to a successful claim by the FDIC.

**Investments:** The Center's investments are categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Center or its agent in the Center's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Center's name. The Center held no investments at year end.

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."

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 7 - PROPERTY TAXES**

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second - Half Collections		2004 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$929,118,050	81.52%	\$1,059,027,310	82.89%
Public Utility Personal	116,681,880	10.24%	124,495,940	9.75%
Tangible Personal Property	93,916,883	8.24%	94,043,361	7.36%
<b>Total Assessed Value</b>	<b>\$1,139,716,813</b>	<b>100.00%</b>	<b>\$1,277,566,611</b>	<b>100.00%</b>
Tax Rate per \$1,000 of Assessed Valuation	\$3.30		\$3.30	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2004 is available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Center had \$142,429 available for advance to the General Fund at June 30, 2004.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2004

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2004 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. 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 receivable follows:

<i>Nonmajor Special Revenue Funds:</i>	
Career Development	\$2,835
Vocational Education	50,227
Title II-A	3,963
Miscellaneous Federal Grants	13,568
Total Intergovernmental Receivable	\$70,593

**NOTE 9 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2004 was as follows:

Asset Category	Restated Balance at July 1, 2003	Additions	Deletions	Net Transfers	Balance at June 30, 2004
<b>Governmental Activities:</b>					
<i>Nondepreciable Capital Assets:</i>					
Land	\$26,308	\$0	\$0	\$0	\$26,308
<i>Depreciable Capital Assets:</i>					
Buildings and Improvements	4,116,128	0	0	0	4,116,128
Furniture, Fixtures and Equipment	4,860,403	65,979	(48,180)	535	4,878,737
Vehicles	435,092	0	0	0	435,092
Total Depreciable Capital Assets	9,411,623	65,979	(48,180)	535	9,429,957
Total Capital Assets	9,437,931	65,979	(48,180)	535	9,456,265
<i>Accumulated Depreciation:</i>					
Buildings and Improvements	(3,502,592)	(140,934)	0	0	(3,643,526)
Furniture, Fixtures and Equipment	(3,119,630)	(288,798)	40,846	6,498	(3,361,084)
Vehicles	(108,927)	(39,947)	0	0	(148,874)
Total Accumulated Depreciation	(6,731,149)	(469,679)	40,846	6,498	(7,153,484)
Total Net Capital Assets	\$2,706,782	(\$403,700)	(\$7,334)	\$7,033	\$2,302,781

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2004

**NOTE 9 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$18,976
Vocational	194,768
<i>Support Services:</i>	
Pupils	39,107
Instructional Staff	29,554
Board of Education	350
Administration	22,830
Fiscal	3,844
Business	4,441
Operation and Maintenance of Plant	146,203
Operation of Non-Instructional Services	8,838
Extracurricular Activities	56
Total Depreciation Expense	\$468,967

Capital asset business-type activity for the fiscal year ended June 30, 2004 was as follows:

Asset Category	Balance at July 1, 2003	Additions	Deletions	Net Transfers	Balance at June 30, 2004
<b>Business-Type Activities:</b>					
<i>Depreciable Capital Assets:</i>					
Furniture, Fixtures and Equipment	\$226,950	\$53,663	(\$8,882)	(\$952)	\$270,779
<i>Accumulated Depreciation:</i>					
Furniture, Fixtures and Equipment	(123,950)	(28,823)	8,494	(6,600)	(150,879)
Business-Type Activities Capital Assets, Net	\$103,000	\$24,840	(\$388)	(\$7,552)	\$119,900

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 10 - RISK MANAGEMENT**

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the Center contracted with various commercial carriers for property and fleet insurance, inland marine insurance, and liability insurance, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2004 are as follows:

Building and Contents-replacement cost (\$2,500 deductible)	\$12,818,109
Inland Marine Coverage (\$500 deductible)	210,000
Automobile Liability (\$500 deductible)	500,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	500,000
<i>General Liability:</i>	
Medical Expense Limit (any one person)	5,000
Fire Damage Limit (any one fire)	100,000
Per Occurrence	3,000,000
Total Per Year	5,000,000
School Leaders Errors and Omissions (\$10,000 deductible)	2,000,000
<i>Public Official Bonds:</i>	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The only significant changes in coverage from last year was in building and contents, and school leaders errors and omissions.

**Workers' Compensation**

For fiscal year 2004, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.



**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute, Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09 percent of the annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Center's contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$99,797, \$76,675, and \$34,716, respectively; 100 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. There are no unpaid contributions at the end of fiscal year 2004.

**State Teachers Retirement System**

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the Center is required to contribute 14 percent. Of the Center's contribution, 13 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Center's contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002, were \$458,236, \$475,573, and \$338,594, respectively; 74.36 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. \$117,483 representing the unpaid contribution for fiscal year 2004, is recorded as a liability within the respective funds.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2004, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POST-EMPLOYMENT BENEFITS**

The Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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 funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of 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 fiscal year 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the Center, this amount equaled \$35,249 during fiscal year 2004.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.10 billion at June 30, 2004 (the latest information available). For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 12 - POST-EMPLOYMENT BENEFITS - (Continued)**

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

For fiscal year 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. The number of participants currently receiving health care benefits is approximately 62,000. For the Center, the amount to fund health care benefits, including the surcharge, equaled \$66,552 during the 2004 fiscal year.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment; however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 320 days for teachers, administrators and classified employees. Upon retirement, teachers, administrators and classified employees receive one-fourth of the total sick leave accumulation up to a maximum of seventy (80) days.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the Center's long-term liabilities for governmental activities during fiscal year 2004 were as follows:

	Principal Outstanding at July 1, 2003	Additions	Deductions	Principal Outstanding at June 30, 2004	Amount Due In One Year
<i><u>Governmental Activities:</u></i>					
Compensated Absences Payable	\$395,240	\$46,615	\$22,124	\$419,731	\$94,988

Compensated absences for governmental activities will be paid from the fund from which the employee is paid.

The changes in the Center's long-term liabilities for business-type activities during fiscal year 2004 were as follows:

	Principal Outstanding at July 1, 2003	Additions	Deductions	Principal Outstanding at June 30, 2004	Amount Due In One Year
<i><u>Business-Type Activities:</u></i>					
Compensated Absences Payable	\$6,165	\$3,128	\$2,254	\$7,039	\$357

Compensated absences for business-type activities will be paid from the Adult Education Fund.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 2004, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$128,597	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	42,897
Adult Education Full Service	0	5,000
Vocational Education	0	50,000
Network System	0	10,000
Miscellaneous State Grants	0	450
Driver's Education	0	250
Miscellaneous Federal Grants	0	20,000
Total Special Revenue Funds	0	128,597
Totals	\$128,597	\$128,597

The balance of \$128,597 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

	Transfers To			
	Adult Education	Nonmajor Capital Projects	Nonmajor Special Revenue	
General	\$25,000	\$100,000	\$3,500	\$128,500

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**Southeastern Ohio Voluntary Education Cooperative**

Southeastern Ohio Voluntary Education Cooperative (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 35 participants consisting of 26 school districts and 9 county boards of education. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters; and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SEOVEC is not dependent on the Center's continued participation and no equity interest exists. SEOVEC has no outstanding debt. The Center made a payment of \$9,274 for membership in fiscal year 2004. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, P.O. Box 1250, Athens, Ohio 45701.

**Southeastern Ohio Special Education Regional Resource Center**

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Tri-County Career Center's Superintendent is on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

**Athens County School Employees Health and Welfare Benefit Association**

The Center is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Coresource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**NOTE 17 - INSURANCE PURCHASING POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Program**

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

**NOTE 18 - CONTINGENCIES**

**Grants**

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2004.

**NOTE 19 - STATUTORY SET-ASIDES**

The following changes occurred in the Center's set-aside reserve accounts during fiscal year 2004:

	Textbook	Capital Improvements	Totals
Set-Aside Balance as of July 1, 2003	\$0	\$0	\$0
Current Year Set-Aside Requirement	72,545	72,545	145,090
Qualifying Disbursements	(147,952)	(511,610)	(659,562)
Total	(75,407)	(439,065)	(514,472)
Set-Aside Balance as of June 30, 2004	<u>\$0</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$0</u>

Although the Center had qualifying disbursements during the year that exceeded the current year set-aside requirements in both the textbook and capital improvement reserve accounts, only the excess in the textbook reserve account may be carried forward to offset future years' textbook set-aside requirements. Each reserve must be represented by restricted cash at year-end and carried forward to be used for the same purposes in future years.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**NOTE 20 - STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed the earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

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



**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A	\$	\$ 8,039	\$	\$ 8,039
National School Lunch Program	10.555	LL-P4-03 LL-P4-04	5,877 34,289		5,877 34,289	
Total National School Lunch Program			<u>40,166</u>	<u>0</u>	<u>40,166</u>	<u>0</u>
Total Nutrition Cluster			<u>40,166</u>	<u>8,039</u>	<u>40,166</u>	<u>8,039</u>
Total United States Department of Agriculture			40,166	8,039	40,166	8,039
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed through the Ohio Department of Education:</i>						
Higher Skills Partnership Incentive Grant - WIA Adult	17.258	WF-HS-2004	<u>23,013</u>		<u>32,405</u>	
Total United States Department of Labor			23,013	0	32,405	0
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Direct from the Federal Government:</i>						
Federal Pell Grant Program	84.063	N/A	128,478		127,840	
<i>Passed through the Ohio Department of Education:</i>						
Vocational Education - Basic Grants to States	84.048	20-C1-03 20-C1-04	73,935 297,062		66,355 291,676	
Total Vocational Education - Basic Grants to States			<u>370,997</u>	<u>0</u>	<u>358,031</u>	<u>0</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	DR-S1-04	1,025		1,025	
State Grants for Innovative Programs	84.298	C2-S1-03 C2-S1-04	0 6,727		131 6,731	
Total State Grants for Innovative Programs			<u>6,727</u>	<u>0</u>	<u>6,862</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	TR-S1-04	<u>1,259</u>		<u>1,259</u>	
Total United States Department of Education			<u>508,486</u>	<u>0</u>	<u>495,017</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 571,665</u></b>	<b><u>\$ 8,039</u></b>	<b><u>\$ 567,588</u></b>	<b><u>\$ 8,039</u></b>

*The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of this Schedule.*

**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

Program regulations do not require the Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Tri-County Career Center  
Athens County  
15676 State Route 691  
Nelsonville, Ohio 45764

To the Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2004, which collectively comprise the Center's basic financial statements and have issued our report thereon dated July 15, 2005, wherein we noted the Center adopted Governmental Accounting Standards Board Statements 34, 37 and 38 and Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Center's internal control over financial reporting to determine our auditing procedures to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 material to the financial statements we audited may occur and not be timely detected by employees when 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. In a separate letter to the Center's management dated July 15, 2005, we reported another matter involving the internal control over financial reporting we did not deem a reportable condition.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Center's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Center's management dated July 15, 2005, we reported other matters related to noncompliance we deem immaterial.

Tri-County Career Center  
Athens County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management, the Board of Education and federal awarding agencies and pass through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 15, 2005



## Auditor of State Betty Montgomery

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

Tri-County Career Center  
Athens County  
15676 State Route 691  
Nelsonville, Ohio 45764

To the Board of Education:

#### Compliance

We have audited the compliance of Tri-County Career Center, Athens 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 apply to its major federal program for the year ended June 30, 2004. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to the major federal program. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect 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 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 apply to its major federal program for the year ended June 30, 2004.

#### Internal Control over Compliance

The Center's management 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 directly and materially affect a major federal program 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.

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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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 15, 2005

**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
JUNE 30, 2004**

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

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None







**Auditor of State  
Betty Montgomery**

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**TRI-COUNTY CAREER CENTER**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 25, 2005**