

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2005***

**GARY GHIZZONI, TREASURER**





**Auditor of State  
Betty Montgomery**

Board of Education  
Trumbull Career & Technical Center  
525 Educational Highway  
Warren, Ohio 44483

We have reviewed the *Independent Auditor's Report* of the Trumbull Career & Technical Center, Trumbull County, prepared by Julian and Grube, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Trumbull Career & Technical Center is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

February 9, 2006

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**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Board of Education  
Trumbull Career and Technical Center  
528 Educational Highway  
Warren, Ohio 44483

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 the Trumbull Career and Technical Center, Trumbull County (the "Center") as of and for the fiscal year ended June 30, 2005, 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the Trumbull Career and Technical Center, Trumbull County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3 to the financial statements, the Center implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers" for the fiscal year ended June 30, 2005. In addition, a prior period restatement of capital assets was required due to errors reported in prior year as disclosed in Note 3.B.

Independent Auditor's Report  
Trumbull Career and Technical Center  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 14, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
December 8, 2005



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

The discussion and analysis of the Trumbull Career and Technical Center (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- In total, net assets increased \$1,058,853. Net assets of governmental activities increased \$1,247,941, which represents a 13.43% increase from 2004. Net assets of business-type activities decreased \$189,088 from 2004.
- General revenues of the governmental activities accounted for \$11,756,554 in revenue or 88.66% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,503,526 or 11.34% of total revenues of \$13,260,080.
- The Center had \$12,012,139 in expenses related to governmental activities; only \$1,503,526 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,756,554 were adequate to provide for these programs.
- The Center had \$2,006,215 in expenses related to business-type activities; \$1,817,127 of these expenses were offset by program specific charge for services and grants and contributions which were not adequate to support these programs.
- The Center's only major governmental fund is the general fund. The general fund had \$11,465,373 in revenues and other financing sources and \$10,432,834 in expenditures and other financing uses. The general fund's fund balance increased \$1,032,539 from \$6,570,431 to \$7,602,970.

**Reporting the Center as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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In the Statement of Net Assets and the Statement of Activities, the Center is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**Business-Type Activities** - These services are provided on charges for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Center's adult education program is reported as business activities.

The Center's statement of net assets and statement of activities can be found on pages 15-17 of this report.

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

***Fund Financial Statements***

The analysis of the Center's major governmental fund begins on page 9 and the analysis of the Center's major enterprise fund begins on page 9. 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. The Center's only major governmental fund is the general fund.

***Governmental Funds***

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. 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. The governmental fund statements provide a detailed *short-term* view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 18-22 of this report.

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the Center as a whole. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

**Reporting the Center's Fiduciary Responsibilities**

The Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. All of the Center's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 27 and 28. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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*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. These notes to the basic financial statements can be found on pages 29-58 of this report.

**The Center as a Whole**

The Statement of Net Assets provides the perspective of the Center as a whole. Certain amounts have been restated for 2004 detailed in Note 3.B in the notes to the financial statements.

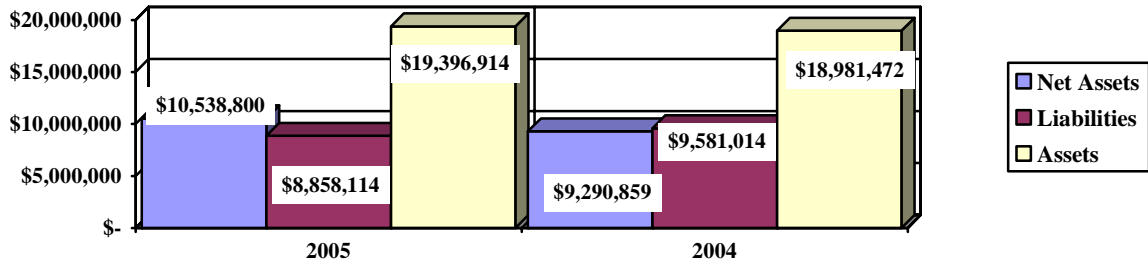
The table below provides a summary of the Center's net assets for 2005 and 2004.

	<b>Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	Restated <u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b><u>Assets</u></b>						
Current assets	\$ 17,016,288	\$ 16,683,881	\$ 18,105	\$ 120,799	\$ 17,034,393	\$ 16,804,680
Capital assets, net	<u>2,380,626</u>	<u>2,297,591</u>	<u>67,614</u>	<u>87,205</u>	<u>2,448,240</u>	<u>2,384,796</u>
Total assets	<u>19,396,914</u>	<u>18,981,472</u>	<u>85,719</u>	<u>208,004</u>	<u>19,482,633</u>	<u>19,189,476</u>
<b><u>Liabilities</u></b>						
Current liabilities	7,337,015	7,281,261	14,967	16,387	7,351,982	7,297,648
Long-term liabilities	<u>1,521,099</u>	<u>2,299,753</u>	<u>161,264</u>	<u>93,041</u>	<u>1,682,363</u>	<u>2,392,794</u>
Total liabilities	<u>8,858,114</u>	<u>9,581,014</u>	<u>176,231</u>	<u>109,428</u>	<u>9,034,345</u>	<u>9,690,442</u>
<b><u>Net Assets</u></b>						
Invested in capital assets, net of related debt	2,380,626	1,223,040	67,614	87,205	2,448,240	1,310,245
Restricted	950,489	1,826,931	-	-	950,489	1,826,931
Unrestricted (deficit)	<u>7,207,685</u>	<u>6,240,888</u>	<u>(158,126)</u>	<u>11,371</u>	<u>7,049,559</u>	<u>6,252,259</u>
Total net assets	<u>\$ 10,538,800</u>	<u>\$ 9,290,859</u>	<u>\$ (90,512)</u>	<u>\$ 98,576</u>	<u>\$ 10,448,288</u>	<u>\$ 9,389,435</u>

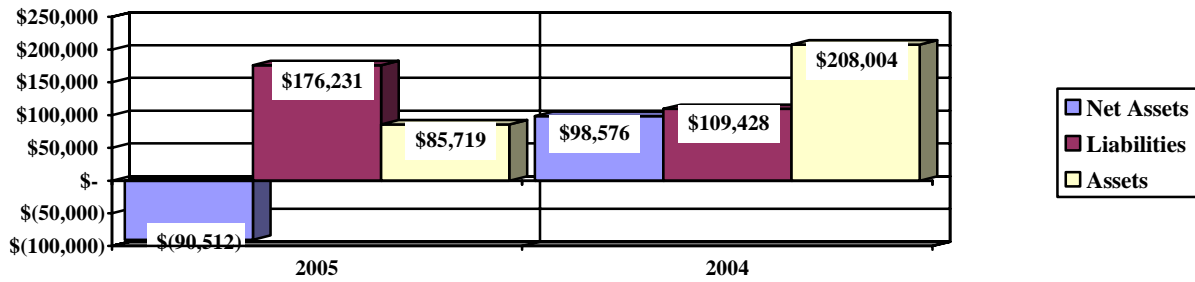
**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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**Governmental - Net Assets**



**Business-Type - Net Assets**



The table below shows the changes in net assets for governmental activities and business-type activities for fiscal years 2005 and 2004.

**Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 442,379	\$ 512,963	\$ 1,594,195	\$ 1,449,474	\$ 2,036,574	\$ 1,962,437
Operating grants and contributions	1,061,147	1,060,351	222,932	428,212	1,284,079	1,488,563
General revenues:						
Property taxes	5,624,645	5,302,880	-	-	5,624,645	5,302,880
Grants and entitlements	5,919,032	5,695,403	-	-	5,919,032	5,695,403
Investment earnings	159,315	94,298	-	-	159,315	94,298
Other	53,562	74,978	-	-	53,562	74,978
<b>Total revenues</b>	<b>13,260,080</b>	<b>12,740,873</b>	<b>1,817,127</b>	<b>1,877,686</b>	<b>15,077,207</b>	<b>14,618,559</b>

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
<b><u>Expenses</u></b>						
Program expenses:						
Instruction:						
Regular	\$ 116,113	\$ 1,107,091	\$ -	\$ -	\$ 116,113	\$ 1,107,091
Vocational	5,038,060	4,901,042	-	-	5,038,060	4,901,042
Adult/continuing	83,617	96,303	-	-	83,617	96,303
Support services:						
Pupil	1,285,706	1,163,666	-	-	1,285,706	1,163,666
Instructional staff	300,078	280,347	-	-	300,078	280,347
Board of Education	50,509	52,177	-	-	50,509	52,177
Administration	1,652,445	1,424,326	-	-	1,652,445	1,424,326
Fiscal	549,478	569,519	-	-	549,478	569,519
Business	57,552	68,899	-	-	57,552	68,899
Operations and maintenance	1,332,119	1,015,583	-	-	1,332,119	1,015,583
Pupil transportation	66,971	113,262	-	-	66,971	113,262
Central	152,434	150,277	-	-	152,434	150,277
Operation of non-instructional services						
Non-instructional services	33,148	20,602	-	-	33,148	20,602
Food service operations	244,986	278,983	-	-	244,986	278,983
Extracurricular activities	23,596	15,703	-	-	23,596	15,703
Interest and fiscal charges	25,327	57,347	-	-	25,327	57,347
Adult education	-	-	2,006,215	2,144,978	2,006,215	2,144,978
Total expenses	<u>11,012,139</u>	<u>11,315,127</u>	<u>2,006,215</u>	<u>2,144,978</u>	<u>13,018,354</u>	<u>13,460,105</u>
Transfers	-	(124,739)	-	124,739	-	-
Changes in net assets	1,247,941	7,989,852	(189,088)	(142,553)	1,058,853	7,847,299
Net assets at beginning of year (restated)	<u>9,290,859</u>	<u>1,301,007</u>	<u>98,576</u>	<u>241,129</u>	<u>9,389,435</u>	<u>1,542,136</u>
Net assets at end of year	<u>\$ 10,538,800</u>	<u>\$ 9,290,859</u>	<u>\$ (90,512)</u>	<u>\$ 98,576</u>	<u>\$ 10,448,288</u>	<u>\$ 9,389,435</u>

**Governmental Activities**

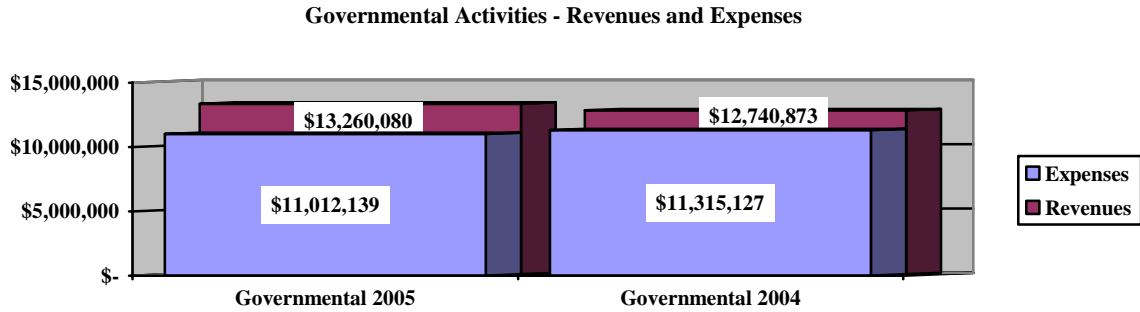
Net assets of the Center's governmental activities increased \$1,247,941. Total governmental expenses of \$11,012,139 were offset by program revenues of \$1,503,526 and general revenues of \$11,756,554. Program revenues supported 12.52% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 87.06% of total governmental revenue. Real estate property is reappraised every six years.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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The graph below presents the Center's governmental activities revenue and expenses for fiscal years 2005 and 2004.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

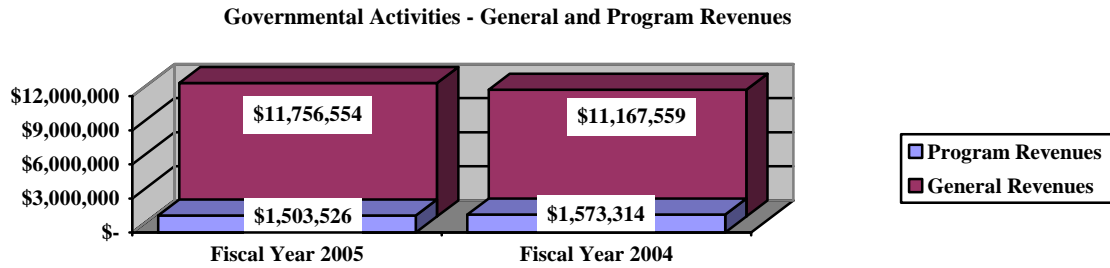
	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Program expenses:				
Instruction:				
Regular	\$ 1,116,113	\$ 1,116,113	\$ 1,107,091	\$ 1,107,091
Vocational	5,038,060	4,341,472	4,901,042	4,142,911
Adult/continuing	83,617	(1,387)	96,303	551
Support services:				
Pupil	1,285,706	1,068,298	1,163,666	1,001,272
Instructional staff	300,078	215,433	280,347	219,054
Board of Education	50,509	50,509	52,177	49,252
Administration	1,652,445	1,646,576	1,424,326	1,392,904
Fiscal	549,478	543,016	569,519	569,519
Business	57,552	57,552	68,899	68,899
Operations and maintenance	1,332,119	1,330,616	1,015,583	1,013,823
Pupil transportation	66,971	66,971	113,262	113,262
Central	152,434	6,822	150,277	(881)
Operation of non-instructional services:				
Non-instructional services	33,148	33,148	20,602	6,929
Food service operations	244,986	(15,449)	278,983	2,087
Extracurricular activities	23,596	23,596	15,703	(2,207)
Interest and fiscal charges	<u>25,327</u>	<u>25,327</u>	<u>57,347</u>	<u>57,347</u>
<b>Total expenses</b>	<u>\$ 12,012,139</u>	<u>\$ 10,508,613</u>	<u>\$ 11,315,127</u>	<u>\$ 9,741,813</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The dependence upon tax revenues during fiscal year 2005 for governmental activities is apparent, as 87.47% of 2005 instruction activities are supported through taxes and other general revenues. All governmental activities, general revenue support is 87.48% in 2005. The Center's taxpayers, as a whole, are by far the primary support for Center's students.

The graph below presents the Center's governmental activities revenue for fiscal years 2005 and 2004.



**Business-Type Activities**

The adult education program provides the business-type activities. This program had revenues of \$1,817,127 and expenses of \$2,006,215 for fiscal year 2005. The Center took steps to reduce expenses in the adult education program, and reduced expenses by \$138,763 compared to 2004. The Center's business activities receive no support from tax revenues.

**The Center's Funds**

The Center's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$8,141,394, which is less than last year's total of \$8,355,554 (which has been restated as documented in Note 3.A of the notes to the basic financial statements). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	<u>Fund Balance</u> <u>June 30, 2005</u>	Restated <u>Fund Balance</u> <u>June 30, 2004</u>	<u>Increase/</u> <u>(Decrease)</u>
General	\$ 7,602,970	\$ 6,570,431	\$ 1,032,539
Other Governmental	<u>538,424</u>	<u>1,785,123</u>	<u>(1,246,699)</u>
Total	<u>\$ 8,141,394</u>	<u>\$ 8,355,554</u>	<u>\$ (214,160)</u>

**General Fund**

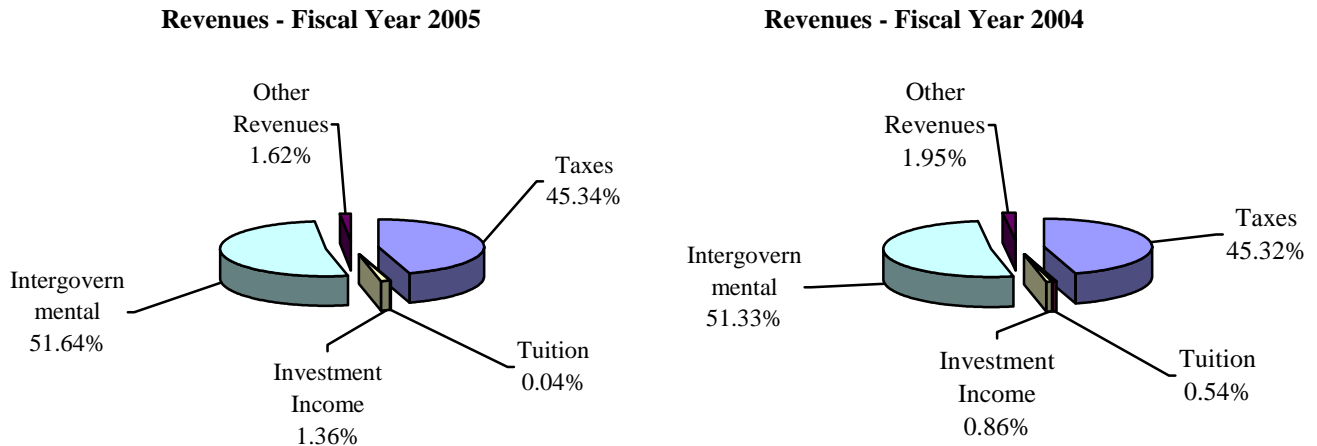
The Center's general fund's fund balance increased by \$1,032,539, due to an increase in tax and intergovernmental revenues and half the amount of transfers out to other funds compared to 2004. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 5,197,039	\$ 5,028,685	\$ 168,354	3.35 %
Tuition	4,120	59,453	(55,333)	(93.07) %
Interest earnings	155,372	94,871	60,501	63.77 %
Intergovernmental	5,919,032	5,695,403	223,629	3.93 %
Other revenues	<u>185,360</u>	<u>216,494</u>	<u>(31,134)</u>	(14.38) %
Total	<u>\$ 11,460,923</u>	<u>\$ 11,094,906</u>	<u>\$ 366,017</u>	3.30 %

Tax revenue increased slightly over the prior year. Intergovernmental revenue increased \$223,629 or 3.93% from the prior year. This increase is attributed to an increase in the number of grants the Center received in 2005. The most significant increase occurred in investment income which is due to increases in interest rates by the Federal Reserve Bank during the year. Tuition revenue decreased due to a decrease in adult education programs offered through the General fund. Other revenue decreased due to a BWC refund received in 2004 that did not occur in 2005.



The table that follows assists in illustrating the expenditures of the general fund. Certain 2004 expenditures have been restated which is detailed in Note 3.A in the notes to the basic financial statements.

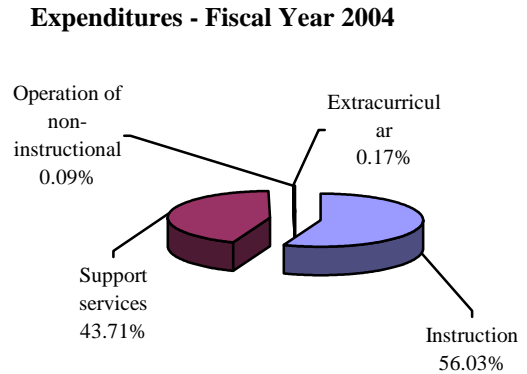
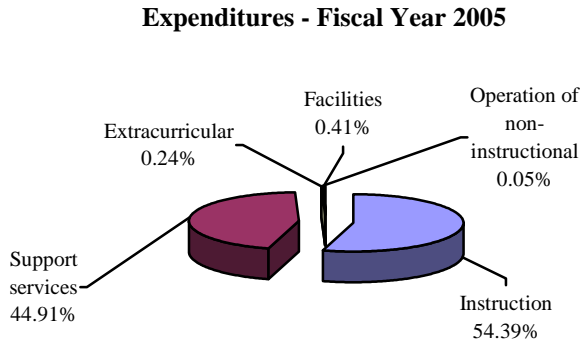
	<u>2005</u> <u>Amount</u>	<u>Restated</u> <u>2004</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 5,452,538	\$ 5,321,864	\$ 130,674	2.46 %
Support services	4,501,112	4,161,780	339,332	8.15 %
Operation of non-instructional services	4,799	8,717	(3,918)	(44.95) %
Extracurricular activities	23,596	15,703	7,893	50.26 %
Facilities acquisition and construction	<u>40,788</u>	<u>-</u>	<u>40,788</u>	100.00 %
Total	<u>\$ 10,022,833</u>	<u>\$ 9,508,064</u>	<u>\$ 514,769</u>	5.41 %



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The most significant increase was in the area of support services. Though not the largest percentage, it is the largest increase by dollar amount. This increase is primarily due to the Center taking over the Gordon James Career Center in Lordstown and providing more services. The increase in facilities acquisition and construction during 2005 is due to the bus garage addition that was completed.



***General Fund Budgeting Highlights***

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

During the course of fiscal 2005, the Center amended its general fund budget numerous times. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$11,611,625, which was higher than original budget estimates of \$11,511,476. Actual budget revenues and other financing sources of \$11,695,478 were \$83,853 higher than the final budget.

General fund original appropriations (expenditures plus other financing uses) of \$12,025,989 were increased to \$12,472,280 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$10,865,463, which was \$1,596,817 less than the final budget appropriations.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

**Capital Assets and Debt Administration**

*Capital Assets*

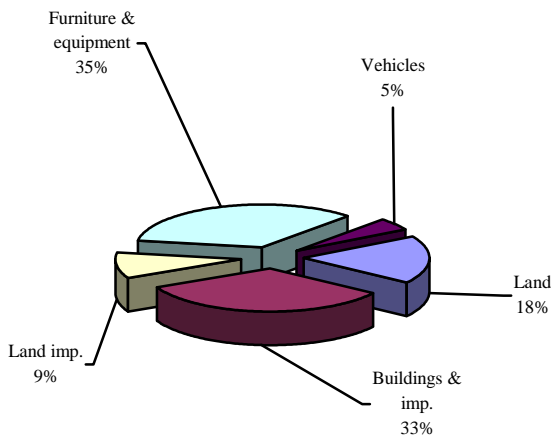
At the end of fiscal 2005, the Center had \$2,448,240 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$2,380,626 was reported in governmental activities and \$67,614 was reported in business-type activities. The following table shows fiscal 2005 balances compared to the restated amount of capital assets in 2004, which is detailed in Note 8.A of the notes to the financial statements:

**Capital Assets at June 30  
(Net of Depreciation)**

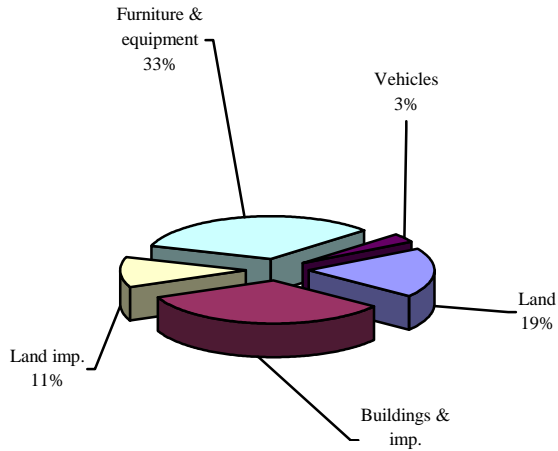
	Governmental Activities		Business-Type Activities		Total	
	Restated		2005	2004	2005	2004
	2005	2004				
Land	\$ 432,770	\$ 432,770	\$ -	\$ -	\$ 432,770	\$ 432,770
Land improvements	226,130	259,496	-	-	226,130	259,496
Building and improvements	786,728	773,042	-	-	786,728	773,042
Furniture and equipment	820,154	751,700	67,614	87,205	887,768	838,905
Vehicles	114,844	80,283	-	-	114,844	80,283
<b>Total</b>	<b>\$ 2,380,626</b>	<b>\$ 2,297,291</b>	<b>\$ 67,614</b>	<b>\$ 87,205</b>	<b>\$ 2,448,240</b>	<b>\$ 2,384,496</b>

The following graphs show the breakdown of governmental activities capital assets by category for 2005 and 2004.

**Capital Assets - Governmental Activities  
2005**



**Capital Assets - Governmental Activities  
2004**



See Note 8 to the basic financial statements for additional information on the Center's capital assets.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

***Debt Administration***

At June 30, 2005, the Center retired the energy conservation notes, the only debt outstanding in 2004. The following table summarizes the notes outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
Energy conservation notes	\$ <u>-</u>	\$ <u>1,074,251</u>
Total	\$ <u>-</u>	\$ <u>1,074,251</u>

At June 30, 2005 the Center's overall legal debt margin was \$257,370,254 with an unvoted debt margin of \$2,859,669.

See Note 10 to the basic financial statements for additional information on the Center's debt administration.

**Current Financial Related Activity**

Overall the Center is strong financially. The Center relies heavily upon grants, state foundation and property taxes. The finances are stable for fiscal years 2006 through fiscal year 2009 due to the passage of a 2.4 mill renewal levy on the ballot in November of 2004 that will expire in January of 2016. The 2.4 mills represent approximately 36% of the total revenue the Center receives yearly.

The challenge for the Center's management is to continue to provide the resources necessary to meet student needs and to be able to stay within the five-year forecast. The five-year forecast is utilized by management in order to effectively manage the Center's resources to their fullest.

Since the Center relies on the state for approximately 51% of the general operating revenues, one of the challenges is that of state funding. The State of Ohio was found by the Supreme Court in March 1997 to be operating unconstitutional education system, one that was neither adequate or equitable. Since 1997, the state has directed its tax revenue growth toward school district with little tax property wealth. Due to the courts recent results concerning the "DeRolph IV" Case in 2002 the Center is unable to determine what effect, if any, the future holds for change in state funding and its financial implications.

All of the Center's financial abilities will be needed to meet the financial challenges of the future.

The Center has approved the addition to the existing building that is estimated to cost \$6,358,000. The Center started this project during fiscal year 2006.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

**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 receives. If you have questions about this report or need additional financial information contact Mr. Gary Ghizzoni, Treasurer, Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

**BASIC  
FINANCIAL STATEMENTS**

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**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2005

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . .	\$ 9,435,959	\$ 25,099	\$ 9,461,058
Receivables:			
Taxes . . . . .	7,234,944	-	7,234,944
Accounts . . . . .	6,005	63,747	69,752
Intergovernmental . . . . .	227,540	-	227,540
Accrued interest . . . . .	21,132	-	21,132
Internal balances . . . . .	74,826	(74,826)	-
Prepayments. . . . .	12,281	4,085	16,366
Materials and supplies inventory . . . . .	3,601	-	3,601
Capital assets:			
Land . . . . .	432,770	-	432,770
Depreciable capital assets, net . . . . .	1,947,856	67,614	2,015,470
Total capital assets, net . . . . .	<u>2,380,626</u>	<u>67,614</u>	<u>2,448,240</u>
Total assets. . . . .	<u>19,396,914</u>	<u>85,719</u>	<u>19,482,633</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	101,546	1,541	103,087
Accrued wages and benefits . . . . .	999,560	9,663	1,009,223
Pension obligation payable. . . . .	168,274	3,640	171,914
Intergovernmental payable . . . . .	18,219	123	18,342
Deferred revenue . . . . .	6,049,416	-	6,049,416
Long-term liabilities:			
Due within one year. . . . .	420,278	12,998	433,276
Due in more than one year . . . . .	<u>1,100,821</u>	<u>148,266</u>	<u>1,249,087</u>
Total liabilities . . . . .	<u>8,858,114</u>	<u>176,231</u>	<u>9,034,345</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	2,380,626	67,614	2,448,240
Restricted for:			
Capital projects . . . . .	631,737	-	631,737
Federally funded programs. . . . .	24,156	-	24,156
Other purposes . . . . .	294,596	-	294,596
Unrestricted (deficit). . . . .	<u>7,207,685</u>	<u>(158,126)</u>	<u>7,049,559</u>
Total net assets . . . . .	<u>\$ 10,538,800</u>	<u>\$ (90,512)</u>	<u>\$ 10,448,288</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
<b>Governmental activities:</b>			
Instruction:			
Regular . . . . .	\$ 1,116,113	\$ -	\$ -
Vocational . . . . .	5,038,060	245,458	451,130
Adult/Continuing . . . . .	83,617	-	85,004
Support services:			
Pupil. . . . .	1,285,706	-	217,408
Instructional staff . . . . .	300,078	-	84,645
Board of education . . . . .	50,509	-	-
Administration. . . . .	1,652,445	-	5,869
Fiscal. . . . .	549,478	-	6,462
Business. . . . .	57,552	-	-
Operations and maintenance . . . . .	1,332,119	-	1,503
Pupil transportation. . . . .	66,971	-	-
Central . . . . .	152,434	14,475	131,137
Operation of non-instructional services:			
Non-instructional services . . . . .	33,148	-	-
Food service operations . . . . .	244,986	182,446	77,989
Extracurricular activities. . . . .	23,596	-	-
Interest and fiscal charges . . . . .	25,327	-	-
Total governmental activities . . . . .	<u>12,012,139</u>	<u>442,379</u>	<u>1,061,147</u>
<b>Business-type activities:</b>			
Adult education. . . . .	<u>2,006,215</u>	<u>1,594,195</u>	<u>222,932</u>
Total business-type activities . . . . .	<u>2,006,215</u>	<u>1,594,195</u>	<u>222,932</u>
Totals . . . . .	<u>\$ 14,018,354</u>	<u>\$ 2,036,574</u>	<u>\$ 1,284,079</u>

**General Revenues:**

Property taxes levied for:

    General fund . . . . .

    Debt service. . . . .

Grants and entitlements not restricted  
to specific programs . . . . .

Investment earnings . . . . .

Miscellaneous . . . . .

Total general revenues . . . . .

Change in net assets . . . . .

**Net assets at beginning of year (restated)**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**Net (Expense) Revenue  
and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,116,113)	\$ -	\$ (1,116,113)
(4,341,472)	-	(4,341,472)
1,387	-	1,387
(1,068,298)	-	(1,068,298)
(215,433)	-	(215,433)
(50,509)	-	(50,509)
(1,646,576)	-	(1,646,576)
(543,016)	-	(543,016)
(57,552)	-	(57,552)
(1,330,616)	-	(1,330,616)
(66,971)	-	(66,971)
(6,822)	-	(6,822)
(33,148)	-	(33,148)
15,449	-	15,449
(23,596)	-	(23,596)
(25,327)	-	(25,327)
(10,508,613)	-	(10,508,613)
-	(189,088)	(189,088)
-	(189,088)	(189,088)
(10,508,613)	(189,088)	(10,697,701)
5,474,940	-	5,474,940
149,705	-	149,705
5,919,032	-	5,919,032
159,315	-	159,315
53,562	-	53,562
11,756,554	-	11,756,554
1,247,941	(189,088)	1,058,853
9,290,859	98,576	9,389,435
\$ 10,538,800	\$ (90,512)	\$ 10,448,288

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 8,303,368	\$ 1,083,589	\$ 9,386,957
Receivables:			
Taxes . . . . .	7,129,011	105,933	7,234,944
Accounts . . . . .	6,005	-	6,005
Intergovernmental . . . . .	-	227,540	227,540
Accrued interest . . . . .	21,132	-	21,132
Interfund loans . . . . .	285,225	-	285,225
Due from other funds . . . . .	19,801	-	19,801
Prepayments . . . . .	12,281	-	12,281
Materials and supplies inventory . . . . .	-	3,601	3,601
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	49,002	-	49,002
<b>Total assets . . . . .</b>	<u>\$ 15,825,825</u>	<u>\$ 1,420,663</u>	<u>\$ 17,246,488</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 32,780	\$ 68,766	\$ 101,546
Accrued wages and benefits . . . . .	910,507	89,053	999,560
Compensated absences payable . . . . .	-	289,654	289,654
Pension obligation payable . . . . .	149,859	18,415	168,274
Intergovernmental payable . . . . .	17,095	1,124	18,219
Interfund loans payable . . . . .	-	211,219	211,219
Due to other funds . . . . .	-	18,981	18,981
Deferred revenue . . . . .	7,112,614	185,027	7,297,641
<b>Total liabilities . . . . .</b>	<u>8,222,855</u>	<u>882,239</u>	<u>9,105,094</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	25,691	26,382	52,073
Reserved for BWC refunds . . . . .	49,002	-	49,002
Reserved for materials and supplies inventory . . . . .	-	3,601	3,601
Reserved for property tax unavailable for appropriation . . . . .	22,909	-	22,909
Reserved for prepayments . . . . .	12,281	-	12,281
Unreserved:			
Designated for budget stabilization . . . . .	241,480	-	241,480
Undesignated (deficit) reported in:			
General fund . . . . .	7,251,607	-	7,251,607
Special revenue funds . . . . .	-	(102,706)	(102,706)
Capital projects funds . . . . .	-	611,147	611,147
<b>Total fund balances . . . . .</b>	<u>7,602,970</u>	<u>538,424</u>	<u>8,141,394</u>
<b>Total liabilities and fund balances . . . . .</b>	<u>\$ 15,825,825</u>	<u>\$ 1,420,663</u>	<u>\$ 17,246,488</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2005

<b>Total governmental fund balances</b>		\$	8,141,394
<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.			2,380,626
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	1,162,619	
Earnings on investments		6,512	
Intergovernmental revenue		79,094	
Total			1,248,225
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences			(1,231,445)
<b>Net assets of governmental activities</b>		\$	10,538,800

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 5,197,039	\$ 149,705	\$ 5,346,744
Tuition . . . . .	4,120	-	4,120
Charges for services . . . . .	-	182,446	182,446
Earnings on investments . . . . .	155,372	-	155,372
Extracurricular . . . . .	-	14,475	14,475
Classroom materials and fees . . . . .	-	109,540	109,540
Other local revenues . . . . .	185,360	2,373	187,733
Intergovernmental - Intermediate . . . . .	1,825	-	1,825
Intergovernmental - State . . . . .	5,917,207	98,739	6,015,946
Intergovernmental - Federal . . . . .	-	901,715	901,715
Total revenues . . . . .	<u>11,460,923</u>	<u>1,458,993</u>	<u>12,919,916</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	1,137,845	-	1,137,845
Vocational . . . . .	4,314,693	879,424	5,194,117
Adult/Continuing . . . . .	-	82,827	82,827
Support Services:			
Pupil . . . . .	860,391	285,334	1,145,725
Instructional staff . . . . .	201,107	84,845	285,952
Board of education . . . . .	50,030	-	50,030
Administration . . . . .	1,633,087	5,828	1,638,915
Fiscal . . . . .	535,479	-	535,479
Business . . . . .	57,552	-	57,552
Operations and maintenance . . . . .	1,120,273	25,103	1,145,376
Pupil transportation . . . . .	43,193	54,779	97,972
Central . . . . .	-	157,398	157,398
Operation of non-instructional services:			
Non-instructional services . . . . .	4,799	28,349	33,148
Food service operations . . . . .	-	242,894	242,894
Extracurricular activities . . . . .	23,596	-	23,596
Facilities acquisition and construction . . . . .	40,788	169,334	210,122
Debt service:			
Principal retirement . . . . .	-	1,074,251	1,074,251
Interest and fiscal charges . . . . .	-	25,327	25,327
Total expenditures . . . . .	<u>10,022,833</u>	<u>3,115,693</u>	<u>13,138,526</u>
Excess of revenues over (under) expenditures . . . . .	<u>1,438,090</u>	<u>(1,656,700)</u>	<u>(218,610)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	1,326,549	1,326,549
Transfers (out) . . . . .	(410,001)	(916,548)	(1,326,549)
Sale of capital assets . . . . .	4,450	-	4,450
Total other financing sources (uses) . . . . .	<u>(405,551)</u>	<u>410,001</u>	<u>4,450</u>
Net change in fund balances . . . . .	1,032,539	(1,246,699)	(214,160)
<b>Fund balances at beginning of year (restated) . . . . .</b>			
	<u>6,570,431</u>	<u>1,785,123</u>	<u>8,355,554</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 7,602,970</u>	<u>\$ 538,424</u>	<u>\$ 8,141,394</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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, 2005

**Net change in fund balances - total governmental funds** \$ (214,160)

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

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

Capital asset additions	\$ 321,841	
Current year depreciation	<u>(191,511)</u>	
Total		130,330

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. (46,995)

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

Delinquent property taxes	277,901	
Intergovernmental	58,320	
Accrued interest	<u>3,943</u>	
Total		340,164

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets. 1,074,251

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. (35,649)

**Change in net assets of governmental activities** \$ 1,247,941

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 5,124,952	\$ 5,169,321	\$ 5,208,618	\$ 39,297
Tuition . . . . .	4,054	4,089	4,120	31
Earnings on investments . . . . .	139,956	141,168	142,241	1,073
Other local revenues . . . . .	178,052	179,594	180,959	1,365
Intergovernmental - Intermediate . . . . .	1,796	1,811	1,825	14
Intergovernmental - State . . . . .	5,822,158	5,872,564	5,917,207	44,643
<b>Total revenues . . . . .</b>	<b>11,270,968</b>	<b>11,368,547</b>	<b>11,454,970</b>	<b>86,423</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,441,807	1,214,254	1,294,041	(79,787)
Vocational . . . . .	4,699,636	4,839,277	4,217,987	621,290
Support Services:				
Pupil . . . . .	967,903	874,664	868,706	5,958
Instructional staff . . . . .	234,288	228,381	210,277	18,104
Board of education . . . . .	55,717	57,413	50,007	7,406
Administration . . . . .	1,781,895	1,600,691	1,599,275	1,416
Fiscal . . . . .	643,273	641,742	577,346	64,396
Business . . . . .	67,842	83,000	60,889	22,111
Operations and maintenance . . . . .	1,281,114	1,317,458	1,149,817	167,641
Pupil transportation . . . . .	49,164	46,800	44,125	2,675
Operation of non-instructional services . . . . .	5,414	12,500	4,859	7,641
Extracurricular activities . . . . .	46,268	23,600	41,526	(17,926)
Facility acquisition and construction . . . . .	45,443	45,000	40,786	4,214
<b>Total expenditures . . . . .</b>	<b>11,319,764</b>	<b>10,984,780</b>	<b>10,159,641</b>	<b>825,139</b>
Excess of revenues over (under) expenditures . . . . .	(48,796)	383,767	1,295,329	911,562
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	500	500	500	-
Transfers in . . . . .	-	2,000	-	(2,000)
Transfers (out) . . . . .	(426,107)	(1,198,930)	(426,107)	772,823
Advances in . . . . .	236,128	236,128	236,128	-
Advances (out) . . . . .	(280,118)	(288,570)	(280,118)	8,452
Sale of capital assets . . . . .	3,880	4,450	3,880	(570)
<b>Total other financing sources (uses) . . . . .</b>	<b>(465,717)</b>	<b>(1,244,422)</b>	<b>(465,717)</b>	<b>778,705</b>
Net change in fund balance . . . . .	(514,513)	(860,655)	829,612	1,690,267
<b>Fund balance at beginning of year . . . . .</b>	<b>7,380,492</b>	<b>7,380,492</b>	<b>7,380,492</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>107,539</b>	<b>107,539</b>	<b>107,539</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 6,973,518</b>	<b>\$ 6,627,376</b>	<b>\$ 8,317,643</b>	<b>\$ -</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2005

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Adult Education</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 25,099
Receivables:	
Accounts . . . . .	63,747
Prepayments . . . . .	4,085
Total current assets . . . . .	92,931
Noncurrent assets:	
Capital assets, net . . . . .	67,614
Total assets . . . . .	160,545
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable. . . . .	1,541
Accrued wages and benefits . . . . .	9,663
Compensated absences. . . . .	12,998
Pension obligation payable. . . . .	3,640
Interfund loan payable . . . . .	74,006
Intergovernmental payable . . . . .	123
Due to other funds . . . . .	820
Total current liabilities . . . . .	102,791
Noncurrent liabilities:	
Compensated absences. . . . .	148,266
Total liabilities . . . . .	251,057
<b>Net assets:</b>	
Invested in capital assets. . . . .	67,614
Unrestricted (deficit) . . . . .	(158,126)
Total net assets . . . . .	\$ (90,512)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS/(DEFICIT)  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Adult Education</b></u>
<b>Operating revenues:</b>	
Tuition and fees. . . . .	\$ 1,569,135
Other . . . . .	25,060
	1,594,195
<b>Operating expenses:</b>	
Personal services. . . . .	1,365,112
Purchased services. . . . .	344,338
Materials and supplies . . . . .	240,266
Depreciation . . . . .	24,476
Other. . . . .	32,023
	2,006,215
Total operating expenses. . . . .	2,006,215
Operating loss . . . . .	(412,020)
<b>Nonoperating revenues:</b>	
Grants and subsidies. . . . .	222,932
	222,932
Total nonoperating revenues . . . . .	222,932
Change in net assets . . . . .	(189,088)
<b>Net assets at beginning of year . . . . .</b>	<b>98,576</b>
<b>Net assets (deficit) at end of year. . . . .</b>	<b>\$ (90,512)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Adult Education</b></u>
<b>Cash flows from operating activities:</b>	
Cash received from tuition and fees . . . . .	\$ 1,631,441
Cash received from other operations. . . . .	25,060
Cash payments for personal services. . . . .	(1,301,717)
Cash payments for contractual services . . . . .	(347,428)
Cash payments for materials and supplies . . . . .	(238,725)
Cash payments for other expenses . . . . .	(32,023)
	(263,392)
Net cash used in operating activities . . . . .	(263,392)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies. . . . .	266,758
Cash received from interfund loans . . . . .	74,006
Cash used in repayment of interfund loans. . . . .	(49,896)
	290,868
Net cash provided by noncapital financing activities. . . . .	290,868
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets . . . . .	(4,885)
	(4,885)
Net cash used in capital and related financing activities. . . . .	(4,885)
Net increase in cash and cash equivalents. . . . .	22,591
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>2,508</b>
<b>Cash and cash equivalents at end of year. . . . .</b>	<b>\$ 25,099</b>

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**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b><u>Business-Type Activities - Enterprise Fund</u></b>
	<b><u>Adult Education</u></b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (412,020)
Adjustments:	
Depreciation. . . . .	24,476
Changes in assets and liabilities:	
Decrease in accounts receivable . . . . .	62,306
(Increase) in prepayments . . . . .	(4,085)
(Decrease) in accounts payable . . . . .	(1,549)
Increase in accrued wages and benefits . . . . .	2,859
Increase in intergovernmental payable. . . . .	24
Increase in compensated absences payable. . . . .	68,223
Decrease in pension obligation payable. . . . .	(2,754)
Decrease in due to other funds . . . . .	<u>(872)</u>
Net cash used in operating activities . . . . .	<u><u>\$ (263,392)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 33,033	\$ 69,155
Total assets . . . . .	33,033	\$ 69,155
<b>Liabilities:</b>		
Due to students . . . . .	-	\$ 69,155
Total liabilities . . . . .	-	\$ 69,155
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	33,033	
Total net assets . . . . .	\$ 33,033	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 195
Gifts and contributions . . . . .	29,180
	29,375
Total additions . . . . .	29,375
<b>Deductions:</b>	
Scholarships awarded . . . . .	3,199
Change in net assets . . . . .	26,176
<b>Net assets at beginning of year . . . . .</b>	<b>6,857</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 33,033</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 1 - DESCRIPTION OF THE CENTER**

The Trumbull County Joint Vocational School District was formed on June 30, 1970 and subsequently became the Trumbull Career and Technical Center (the "Center") on July 1, 2000. The Center is a body politic and corporate established under Section 3311.18 of the Ohio Revised Code for the purpose of exercising the right and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center includes fourteen local school districts: Bloomfield-Mespo Local, Bristol Local, Brookfield Local, Champion Local, Joseph Badger Local, LaBrae Local, Lakeview Local, Liberty Local, Lordstown Local, Maplewood Local, Mathews Local, McDonald Local, Southington Local, Weathersfield Local, and one representative each from Warren City, Girard City, Newton Falls Exempted Village, Niles City, and Hubbard Exempted Village.

The Center has been supported by a 2.4 mill 10 year renewal operating levy and by funds from the State of Ohio Joint Vocational School Foundation Program.

The Center provides job training leading to employment upon graduation from high school. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

Board Resolution No. 02-63 states that the Center shall operate under a nineteen-member Board of Education consisting of 1 member from each member school's board of education, and initially (January 1, 2003) each board member shall serve one, two, or three year terms, and thereafter, successors to these members shall serve for successive two year terms so that no more than five members are appointed each year. The Center provides educational services as authorized and mandated by state or federal agencies. The Center employs 40 noncertified and 109 certified employees to provide services to approximately 805 students.

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

The basic financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (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 governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The Center has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The Center has elected not to apply these FASB Statements and Interpretations. The Center's significant accounting policies are described below.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Center are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations, foods service, community services, adult education and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of these criteria, the Center has no component units. The financial statements of the reporting entity include only those of the Center (the primary government). The following organizations are described due to their relationship to the Center:

*JOINTLY GOVERNED ORGANIZATION*

North East Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among twenty-eight school districts and two educational service centers. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board, which consists of ten members; the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a principal and a treasurer (non-voting members who must be employed by a participating school district, or fiscal agent of NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

*PUBLIC ENTITY RISK POOL*

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Trumbull County Schools Insurance Consortium Association

The Trumbull County School Insurance Consortium Association (the "Consortium") is a shared risk pool comprised of sixteen Trumbull County School Districts. The consortium is governed by an assembly which consists of one representative from each participating School District (usually the superintendent or designee). The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Trumbull County Educational Service Center. The fiscal agent will then remit the charges for services to Watson Wyatt Worldwide in Cleveland, Ohio, an agent of Medical Mutual, who acts in the capacity of a third-party administrator (TPA) for claims processing.

**B. Fund Accounting**

The Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

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 major governmental fund:

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

Other governmental funds of the Center are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the Center's proprietary fund:

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

*Enterprise Fund* - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Center has one proprietary fund to account for adult education programs. This fund is considered a major proprietary fund.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: 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. The Center's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Basis of Presentation and Measurement Focus**

*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. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Center and for each function or program of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants 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. 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* - Fund financial statements report detailed information about the Center. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Adult Education enterprise fund is charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

*Revenues - Exchange and Non-exchange 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an 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.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

*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, 2005, but which were levied to finance fiscal year 2006 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 fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as intergovernmental revenue.

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

**E. Budgets**

The Center is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2005 is as follow:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original and final budgeted amount in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2005.
4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2005.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**F. Cash and Investments**

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

During fiscal year 2005, investments were limited to no-load money market mutual fund, federal agency securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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 are reported at cost.

The Center has invested funds in STAR Ohio during fiscal 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investment in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2005 amounted to \$155,372 which includes \$28,492 assigned from other Center funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when received. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**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 retirements 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 two thousand dollars. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 20 years	N/A
Building improvements	20 - 40 years	N/A
Furniture/equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	N/A

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**J. Compensated Absences**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 judgments, compensated absences and future retirement obligations 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 during the current year.

**L. Fund Balance Reserves/Designations**

The Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for 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, materials and supplies inventory, prepayments, property taxes unavailable for appropriation and Bureau of Workers' Compensation (BWC) refunds. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute. The Center has also designated an amount set-aside by the Board for budget stabilization.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The restriction for other purposes consist of monies restricted for BWC refunds (See Note 17).

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

**N. Estimates**

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

**O. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts that are restricted in use by State statute. See Note 17 for details.

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Center, these revenues are tuition for adult education classes. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**Q. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

**A. Change in Accounting Principles**

For fiscal year 2005, the Center has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Center, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the Center as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$ 6,584,832	\$ 1,788,404	\$8,373,236
GASB Technical Bulletin No. 2004-2	(14,401)	(3,281)	(17,682)
Restated Fund Balance, June 30, 2004	\$ 6,570,431	\$ 1,785,123	\$8,355,554

**B. Prior Period Adjustment**

The Center presented a prior period adjustment to capital assets due to errors in the prior year which affects net assets at June 30, 2004 as follows:

	<u>Governmental Activities</u>
Net assets, June 30, 2004	\$ 9,400,458
Restatement of capital assets	(109,599)
Restated net assets, June 30, 2004	\$ 9,290,859



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)**

**C. Deficit Fund Balances**

Fund balances at June 30, 2005 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 24,884
Uniform School Supplies	18,482
Adult Full Service	4,554
Supplemental Equipment	18,721
Adult Basic Education	7,840
Carl D. Perkins Grant	36,677
Title VI	354
Drug Free Schools	568
Title III-A	419
Adult Education	90,512

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**D. Noncompliance**

In noncompliance with Ohio Revised Code Section 5705.39, the following funds had appropriations in excess of estimated resources for the year ended June 30, 2005:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Career Development	\$ 21,621
Special Revenue	Vocational Education	103,565

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify 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 of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of 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 to be deposited or invested in the following securities:

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

At year-end, the Center had \$500 in undeposited cash on hand which is included on the financial statements of the Center as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2005, the carrying amount of all Center's deposits was \$1,669,797. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$1,500,917 of the Center's bank balance of \$1,800,917 was exposed to custodial risk as discussed below, while \$300,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center.

**C. Investments**

As of June 30, 2005, the Center had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
Money Market	\$ 29,787	\$ 29,787	\$ -	\$ -	\$ -
STAR Ohio	2,492,782	2,492,782	-	-	-
FHLMC	1,473,400	255,476	591,052	626,872	-
FHLB	2,520,851	629,594	199,750	195,750	1,495,757
FNMA	1,376,129	590,615	536,764	248,750	-
	<u>\$ 7,892,949</u>	<u>\$ 3,998,254</u>	<u>\$ 1,327,566</u>	<u>\$ 1,071,372</u>	<u>\$ 1,495,757</u>

The weighted average maturity of investments is .70 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Center's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The Center's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio a AAAM money market rating.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Money Market	\$ 29,787	0.38
STAR Ohio	2,492,782	31.58
FHLMC	1,473,400	18.67
FNMA	1,376,129	17.43
FHLB	2,520,851	31.94
	<u>\$ 7,892,949</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 1,669,797
Investments	7,892,949
Cash on hand	<u>500</u>
Total	<u>\$ 9,563,246</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 9,435,959
Business type activities	25,099
Private-purpose trust funds	33,033
Agency funds	<u>69,155</u>
Total	<u>\$ 9,563,246</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A.** Interfund loans receivable/payable consisted of the following at June 30, 2005, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 211,219
General Fund	Adult Education Fund	<u>74,006</u>
Total interfund loans		<u>\$ 285,225</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds are eliminated on the government-wide statements. Interfund loans between governmental funds and enterprise funds are reported as a component of "internal balances" on the government-wide statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor Governmental Funds	\$ 410,001
Transfers from Nonmajor governmental funds to:	
Nonmajor Governmental Funds	916,548
Total transfers in/out	\$ 1,326,549

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financials. Transfers between governmental funds and the enterprise funds are reported on the government-wide statement of activities.

All transfers made in fiscal year 2005 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- C.** Due to/from other funds consisted of the following at June 30, 2005, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 18,981
General Fund	Adult Education Fund	820
Total due to/from other funds		\$ 19,801

The primary purpose of the amount due to the general fund is to clear a negative cash balance in the Uniform School Supplies special revenue fund. The other purposes are the amounts due for the accumulation of workers' compensation. Amounts due to/from between governmental funds are eliminated on the government-wide statements. Amounts due to/from between governmental funds and the enterprise funds are reported as a component of "internal balances on the governmental-wide statements.

**NOTE 6 - PROPERTY TAXES**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the Center prior to June 30.

The Center receives property taxes from Trumbull County. The County Auditor periodically makes advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available as an advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$22,909 in the general fund which has been recorded as revenue. The amount available as an advance at June 30, 2004 was \$34,488 in the general fund.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 2,369,857,500	83.68	\$ 2,401,803,870	83.99
Public Utility Personal	144,348,150	5.09	139,272,700	4.87
Tangible Personal Property	<u>317,919,370</u>	<u>11.23</u>	<u>318,592,920</u>	<u>11.14</u>
Total	<u>\$ 2,832,125,020</u>	<u>100.00</u>	<u>\$ 2,859,669,490</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.40		\$ 2.40	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. 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 receivables reported on the statement of net assets follows:

**Governmental Activities**

Taxes - current and delinquent	\$ 7,234,944
Accounts	6,005
Intergovernmental	227,540
Accrued interest	<u>21,132</u>
Total governmental receivables	<u>\$ 7,489,621</u>

**Business-Type Activities**

Accounts	\$ 63,747
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Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to errors during fiscal year 2004 (see Note 3.B. for detail):

	Balance <u>June 30, 2004</u>	<u>Adjustments</u>	Restated Balance <u>June 30, 2004</u>
<b>Governmental Activities</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 432,770	\$ -	\$ 432,770
Total capital assets, not being depreciated	<u>432,770</u>	<u>-</u>	<u>432,770</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	617,004	-	617,004
Buildings and improvements	12,842,697	-	12,842,697
Furniture and equipment	2,657,042	(150,757)	2,506,285
Vehicles	<u>173,008</u>	<u>-</u>	<u>173,008</u>
Total capital assets, being depreciated	<u>16,289,751</u>	<u>(150,757)</u>	<u>16,138,994</u>
<i>Less: accumulated depreciation</i>			
Land improvements	(357,508)	-	(357,508)
Buildings and improvements	(12,069,655)	-	(12,069,655)
Furniture and equipment	(1,795,743)	41,158	(1,754,585)
Vehicles	<u>(92,725)</u>	<u>-</u>	<u>(92,725)</u>
Total accumulated depreciation	<u>(14,315,631)</u>	<u>41,158</u>	<u>(14,274,473)</u>
Governmental activities capital assets, net	<u>\$ 2,406,890</u>	<u>\$ (109,599)</u>	<u>\$ 2,297,291</u>



**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 8 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the fiscal year-ended June 30, 2005, was as follows:

	Restated Balance <u>June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2005</u>
<b>Governmental Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 432,770	\$ -	\$ -	\$ 432,770
Total capital assets, not being depreciated	<u>432,770</u>	<u>-</u>	<u>-</u>	<u>432,770</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	617,004	-	-	617,004
Building/improvements	12,842,697	37,554	-	12,880,251
Furniture/equipment	2,506,285	230,508	(236,534)	2,500,259
Vehicles	173,008	53,779	-	226,787
Total capital assets, being depreciated	<u>16,138,994</u>	<u>321,841</u>	<u>(236,534)</u>	<u>16,224,301</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(357,508)	(33,366)	-	(390,874)
Building/improvements	(12,069,655)	(23,868)	-	(12,093,523)
Furniture/equipment	(1,754,585)	(115,059)	189,539	(1,680,105)
Vehicles	(92,725)	(19,218)	-	(111,943)
Total accumulated depreciated	<u>(14,274,473)</u>	<u>(191,511)</u>	<u>189,539</u>	<u>(14,276,445)</u>
Governmental activities capital assets, net	<u>\$ 2,297,291</u>	<u>\$ 130,330</u>	<u>\$ (46,995)</u>	<u>\$ 2,380,626</u>
<b>Business-Type Activities</b>				
<i>Capital assets, being depreciated:</i>				
Furniture/equipment	\$ 747,483	\$ 4,885	\$ (9,565)	\$ 742,803
<i>Less: accumulated depreciation</i>				
Furniture/equipment	(660,278)	(24,476)	9,565	(675,189)
Business-type activities capital assets, net	<u>\$ 87,205</u>	<u>\$ (19,591)</u>	<u>\$ -</u>	<u>\$ 67,614</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,792
Vocational	143,631
Adult education	790
Support Services:	
Pupil	528
Board of education	479
Administration	5,800
Fiscal	1,459
Operations and maintenance	12,855
Pupil transportation	23,350
Food service operations	827
Total depreciation expense	<u>\$ 191,511</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 9 - OPERATING LEASE**

On May 9, 2002, the Center (the "Lessee") entered into an operating lease with the Lordstown Local School District (the "Lessor") for the Gordan D. James Building which the Center wishes to utilize for purposes of carrying on adult education programs. The term of the lease commences July 1, 2002 and terminates June 30, 2006. The Center agrees to pay compensation to the Lessor as follows:

1. One-third of the actual cost of the Lessor's total fire, theft, property, and casualty insurance; and
2. 100% of the Lessor's cost of electricity, natural gas, water, sewer service, and garbage service at the leased premises for the prior year; and
3. The actual cost of the Lessor's telephone and copier costs as well as alarm service and postage meter costs attributed to the premises.
4. 20% of the actual salary of the support services manager.

The compensation payments set forth above shall increase 10% during the second year, 20% during the third year and 30% during the fourth year. The compensation adjustment will be made annually on July 1. The total estimated payments to be made by the Center during the term of the lease are \$705,254. During the current fiscal year payments totaling \$183,979 were made on the lease. The future minimum rental payments are as follows:

<u>Year Ending June 30</u>	<u>Future Minimum Rental Payments</u>
2006	<u>\$ 199,311</u>

The Center entered into two 60-month photocopy machines lease and maintenance agreements with COMDOC, one for \$4,355 a month - commencing on October 25, 2001 and another for \$2,945 a month - commencing on April 1, 2004.

The following is a schedule of the future minimum lease payments:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2006	\$ 87,600
2007	52,760
2008	35,340
2009	<u>29,450</u>
Total - present value of minimum lease payments	<u>\$ 205,150</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2005, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	<u>June 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2005</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental Activities</b>					
Compensated absences	\$ 1,225,502	\$ 450,863	\$ (155,266)	\$ 1,521,099	\$ 420,278
Energy conservation notes payable	<u>1,074,251</u>	<u>-</u>	<u>(1,074,251)</u>	<u>-</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 2,299,753</u>	<u>\$ 450,863</u>	<u>\$ (1,229,517)</u>	<u>\$ 1,521,099</u>	<u>\$ 420,278</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 93,041	\$ 87,405	\$ (19,182)	\$ 161,264	\$ 12,998
Total business-type long-term liabilities	<u>\$ 93,041</u>	<u>\$ 87,405</u>	<u>\$ (19,182)</u>	<u>\$ 161,264</u>	<u>\$ 12,998</u>

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

*Energy Conservation Notes:* The Energy Conservation Notes were issued on July 1, 1999 and mature June 15, 2013 with an interest rate of 5.00%. To provide funds for energy conservation measures, and are general obligations of the Center for which the full faith and credit of the Center is pledged for repayment. Accordingly, such unmatured obligations of the Center are accounted for in the government-wide financial statements. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from within the 10 mill tax levy. During fiscal year 2005 the Center retired the notes from the debt service and capital projects funds in their entirety.

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center.

The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$257,370,254, and an unvoted debt margin of \$2,859,669.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 11 - COMPENSATED ABSENCES**

**A. Compensated Absences**

Sick Leave:

Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Severance pay is based upon the per diem rate paid the employee at the time of the employee's retirement from the Center. An employee with five (5) or more years of service in the Center who elects to retire from active service shall receive 1/3 of the value of his/her accrued and unused sick leave to a maximum of sixty days (65). In addition, employees with thirteen (13) or more years of service in the Center shall receive an added sum equal to 1/8 of the accrued and unused sick leave in excess of sixty (65) days (1/3 of 195 days).

Vacation Leave:

Classified employees earn ten (10) to twenty (20) days of vacation per year, depending upon length of service. Unused vacation shall be cumulative to a maximum of ten (10) days. Each full time administrator who is required to work twelve (12) months per year is entitled, after service of one calendar year, to twenty (20) working days per year of vacation leave.

**B. Life Insurance**

The Center provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 for all certified, classified and administrative staff; the level of coverage for the Superintendent and Treasurer is \$100,000 each.

**C. Retirement Incentive**

The Center had a retirement incentive bonus in place during fiscal year 2005. This bonus is available to both classified and certified employees in the amount of \$14,000 and \$7,000, respectively. Employees retiring the first time they are eligible to retire based upon SERS/STRS eligibility will receive the bonus. First time eligibility means:

1. Any age with at least 30 years of service credit
2. Age 55 or over with at least 25 years of service credit
3. Age 60 or over with at least 5 years of service credit

At June 30, 2005, no employees elected to take the retirement incentive bonus.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Center has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

General liability insurance is maintained in the amount of \$2,000,000 of each occurrence and \$5,000,000 in the aggregate. In addition, the Center maintains a \$1,000,000 umbrella liability policy.

The Center maintains replacement cost insurance on buildings and contents in the amount \$34,173,152. The Center maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

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

**B. Employee Health and Dental Insurance**

The Center has elected to provide employee medical/surgical benefits through a consortium of school districts known as the Trumbull County Schools Insurance Consortium Association. The Consortium purchases stop loss coverage of \$125,000 through the General American Life Insurance Company, and the pool covers the excess.

A third party administrator, Medical Mutual, through its agent, Watson, Wyatt Worldwide located in Cleveland, Ohio, reviews and pays claims for the Consortium. The Center pays premiums to the Consortium based upon board policy and the negotiated agreements; the premium is paid by the fund that pays the salary of the employee.

Dental coverage is provided by Coresource and prescription drug coverage is provided through Medical Mutual. Premiums for coverage are on a composite basis. The Center also offers a health maintenance plan to its employees through Medical Mutual.

**C. Workers' Compensation Plan**

The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan"), a public entity risk pool (Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the Plan. Participants of the Plan are placed in tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the Plan.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% 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 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of 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 a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$222,271, \$213,007 and \$150,676, respectively; 100% has been contributed for fiscal years ended June 30, 2005, 2004 and 2003.

**B. State Teachers Retirement System**

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

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% 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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 13 - 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 10% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% 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 years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The Center's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$853,077, \$819,859, and \$763,550, respectively; 100% has been contributed for fiscal years ended June 30, 2005, 2004 and 2003. Contributions to the DC and Combined Plans for fiscal 2005 were \$5,042 made by the Center and \$15,827 made by plan members.

**C. 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 Systems/State Teachers Retirement System. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The Center's liability is 6.2% of wages paid.

**NOTE 14 - POSTEMPLOYEMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the Center, this amount equaled \$60,934 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% 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% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the Center, the amount to fund health care benefits, including surcharge, equaled \$72,138 during the 2005 fiscal year.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

	<u>General Fund</u>
Budget basis	\$ 829,612
Net adjustment for revenue accruals	5,953
Net adjustment for expenditure accruals	78,337
Net adjustment for other sources/uses	60,166
Adjustment for encumbrances	<u>58,471</u>
GAAP basis	<u>\$ 1,032,539</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Center. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center.

**B. Litigation**

The Center is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The Center management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the Center.

**C. State School Funding Decision**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The Center is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 17 - STATUTORY RESERVES**

The Center is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2004	\$ (634,402)	\$ (1,161,125)	\$ 49,002
Current year set-aside requirement	122,969	122,969	-
Current year offsets	-	(300,000)	-
Qualifying disbursements	<u>(121,152)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (632,585)</u>	<u>\$ (1,338,156)</u>	<u>\$ 49,002</u>
Balance carried forward to FY 2006	<u>\$ (632,585)</u>	<u>\$ (1,161,125)</u>	<u>\$ 49,002</u>

The Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may be used to reduce the set-aside requirements of future years.

Effective April 10, 2001, Amended Senate Bill 345 amended ORC Section 5705.29(H), eliminating the requirement for the Center to establish and maintain a budget stabilization reserve. As of June 30, 2002, the Center's Board passed a resolution to maintain the budget stabilization reserve. Since the BWC refund portion is restricted by state statute, it is shown separately as restricted cash and reserved fund balance in the general fund. The amount set-aside by the Center's Board for budget stabilization is reported as designated fund balance in the general fund as the amount is not restricted by an outside and/or legal source. The balance in the budget stabilization designation at June 30, 2005 is \$241,480.

A schedule of the governmental fund restricted assets at June 30, 2005 follows:

Amount restricted for BWC refunds	<u>\$ 49,002</u>
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## **SUPPLEMENTAL DATA**

**TRUMBULL CAREER & TECHNICAL CENTER**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A),(C) Food Donation	10.550	N/A	\$ -	\$ 8,500	\$ -	\$ 8,500
(A),(D) National School Lunch Program	10.555	051631-LLP4-2004	8,349	-	8,349	-
(A),(D) National School Lunch Program	10.555	051631-LLP4-2005	56,321	-	56,321	-
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<u>64,670</u>	<u>8,500</u>	<u>64,670</u>	<u>8,500</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Adult Education-State Grant Program	84.002	51631-AB-S1-2004	42,625		57,638	
Adult Education-State Grant Program	84.002	51631-AB-S1-2005	15,012		93,260	
<b>Total Adult Education-State Grant Program</b>			<u>57,637</u>		<u>150,898</u>	
Vocational Education-Basic Grants to States	84.048	051631-20-A5-2005	2,000		8,847	
Vocational Education-Basic Grants to States	84.048	051631-20-C1-2004	120,072		213,323	
Vocational Education-Basic Grants to States	84.048	051631-20-C1-2005	612,741		529,469	
Vocational Education-Basic Grants to States	84.048	051631-20-C2-2004	5,762		16,045	
Vocational Education-Basic Grants to States	84.048	051631-20-C2-2005	70,924		76,050	
<b>Total Vocational Education-Basic Grants to States</b>			<u>811,499</u>		<u>843,734</u>	
Federal Pell Grant Program	84.063	N/A	173,784		173,784	
Safe and Drug-Free Schools and Communities-State Grants	84.186	051631-DR-S1-2005	1,396		1,965	
State Grants for Innovative Programs	84.298	051631-C2-S1-2005	3,181		3,534	
Improving Teacher Quality State Grants	84.367	051631-TR-S1-2005	3,946		4,237	
<b>Total U.S. Department of Education</b>			<u>1,051,443</u>		<u>1,178,152</u>	
<b>Total Federal Financial Assistance</b>			<u>\$ 1,116,113</u>	<u>\$ 8,500</u>	<u>\$ 1,242,822</u>	<u>\$ 8,500</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.  
(B) This schedule was prepared on the cash basis of accounting.  
(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
(D) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Basic Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Education  
Trumbull Career and Technical Center  
528 Educational Highway  
Warren, Ohio 44483

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated December 8, 2005. As disclosed in Note 3 to the financial statements, the Center implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers" for the fiscal year ended June 30, 2005. In addition, a prior period restatement of capital assets was required due to errors reported in prior years as disclosed in Note 3.B. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trumbull Career and Technical Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Education  
Trumbull Career and Technical Center

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trumbull Career and Technical Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2005-TCTC-001.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 8, 2005



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Report on Compliance With Requirements Applicable to Its  
Major Federal Program and on Internal Control Over Compliance In  
Accordance With OMB Circular A-133**

Board of Education  
Trumbull Career and Technical Center  
528 Educational Highway  
Warren, Ohio 44483

Compliance

We have audited the compliance of the Trumbull Career and Technical Center with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the fiscal year ended June 30, 2005. As disclosed in Note 3 to the financial statements, the Center implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers" for the fiscal year ended June 30, 2005. In addition, a prior period restatement of capital assets was required due to errors reported in prior years as disclosed in Note 3.B. The Trumbull Career and Technical Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Trumbull Career and Technical Center's management. Our responsibility is to express an opinion on the Trumbull Career and Technical 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, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trumbull Career and Technical Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Trumbull Career and Technical Center's compliance with those requirements.

In our opinion, Trumbull Career and Technical Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2005.

Board of Education  
Trumbull Career and Technical Center

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Julian & Grube, Inc.  
December 8, 2005



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2005**

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2005**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2005-TCTC-001

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that during the year ended June 30, 2005, the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Career Development	\$ 21,621
Special Revenue	Vocational Education	103,565

With appropriations exceeding estimated resources, the Center is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the Center comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources. If it is determined that estimated resources will be greater than initially anticipated, the Center should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

*Client Response:* The Center is attempting to monitor its budget more closely and to submit additional amendments for estimated resources or reduce its appropriations as necessary.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



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**TRUMBULL CAREER AND TECHNICAL CENTER**

**TRUMBULL 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  
FEBRUARY 23, 2006**