

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007***

**GARY GHIZZONI, TREASURER**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Trumbull Career and Technical Center, Trumbull County, prepared by Julian and Grube, Inc., for the audit period July 1, 2006 to June 30, 2007. 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 and Technical Center is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 10, 2008

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

BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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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 Trumbull Career and Technical Center, Trumbull County, Ohio as of and for the fiscal year ended June 30, 2007, which collectively comprise Trumbull Career and Technical Center's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Trumbull Career and Technical 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 Trumbull Career and Technical Center, Trumbull County, Ohio, as of June 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2007, on our consideration of Trumbull Career and Technical Center's internal control over financial reporting and on 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.

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

The management's discussion and analysis 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 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 basic financial statements taken as a whole.

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

Julian & Grube, Inc.  
October 31, 2007

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

The management's 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, 2007. 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 2007 are as follows:

- In total, net assets increased \$1,326,221. Net assets of governmental activities increased \$1,302,867, which represents an 11.42% increase from 2006. Net assets of business-type activities increased \$23,354 from 2006, which represents a reduction of the deficit of 22.81% from 2006.
- General revenues of the governmental activities accounted for \$12,086,489 in revenue or 81.22% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,794,608 or 18.78% of total revenues of \$14,881,097.
- The Center had \$13,328,789 in expenses related to governmental activities; only \$2,794,608 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,086,489 were adequate to provide for these programs.
- The Center had \$2,282,713 in expenses related to business-type activities; \$2,002,794 of these expenses were offset by program specific charge for services and grants and contributions which were not adequate to support these programs which was the reason for the transfer from the general fund.
- The Center's major governmental fund is the general fund. The general fund had \$13,436,054 in revenues and other financing sources and \$12,634,229 in expenditures and other financing uses. The general fund's fund balance increased \$801,825 from \$7,960,464 to \$8,762,289.

**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 2007?" 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

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, extracurricular activities, food service operations and vision self-insurance.

**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 14-16 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 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 17-21 of this report.

#### ***Proprietary Funds***

The Center maintains proprietary funds. The Center maintains one enterprise fund that accounts for the Center's adult education operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center's internal service fund accounts for self-insurance of the Center's vision benefits. The basic proprietary fund financial statements can be found on pages 22-24 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 25 and 26. 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, 2007  
(UNAUDITED)

*Notes to the Basic Financial Statements*

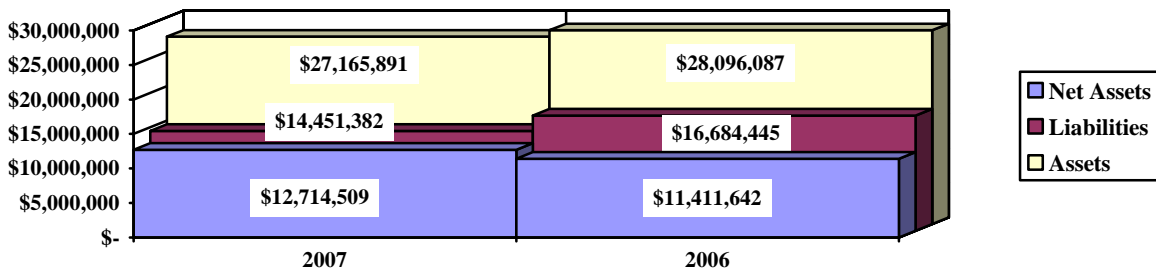
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-54 of this report.

**The Center as a Whole**

The Statement of Net Assets provides the perspective of the Center as a whole. The table below provides a summary of the Center's net assets for 2007 and 2006.

	<b>Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b><u>Assets</u></b>						
Current assets	\$ 18,148,334	\$ 20,164,437	\$ 94,753	\$ 62,292	\$ 18,243,087	\$ 20,226,729
Capital assets, net	9,017,557	7,931,650	39,080	45,320	9,056,637	7,976,970
Total assets	<u>27,165,891</u>	<u>28,096,087</u>	<u>133,833</u>	<u>107,612</u>	<u>27,299,724</u>	<u>28,203,699</u>
<b><u>Liabilities</u></b>						
Current liabilities	6,743,268	9,100,551	32,081	33,303	6,775,349	9,133,854
Long-term liabilities	7,708,114	7,583,894	180,771	176,682	7,888,885	7,760,576
Total liabilities	<u>14,451,382</u>	<u>16,684,445</u>	<u>212,852</u>	<u>209,985</u>	<u>14,664,234</u>	<u>16,894,430</u>
<b><u>Net Assets</u></b>						
Invested in capital assets, net of related debt	2,840,557	1,750,230	39,080	45,320	2,879,637	1,795,550
Restricted	1,295,839	1,780,934	-	-	1,295,839	1,780,934
Unrestricted (deficit)	8,578,113	7,880,478	(118,099)	(147,693)	8,460,014	7,732,785
Total net assets	<u>\$ 12,714,509</u>	<u>\$ 11,411,642</u>	<u>\$ (79,019)</u>	<u>\$ (102,373)</u>	<u>\$ 12,635,490</u>	<u>\$ 11,309,269</u>

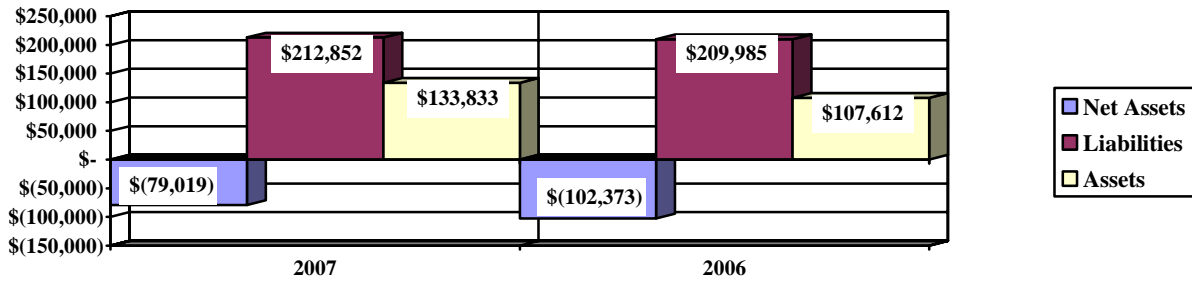
**Governmental - Net Assets**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

**Business-Type - Net Assets**



The table below shows the changes in net assets for governmental activities and business-type activities for fiscal years 2007 and 2006.

**Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 687,927	\$ 579,633	\$ 998,481	\$ 796,716	\$ 1,686,408	\$ 1,376,349
Operating grants and contributions	2,106,681	1,064,751	1,004,313	1,092,745	3,110,994	2,157,496
General revenues:						
Property taxes	5,752,367	5,751,980	-	-	5,752,367	5,751,980
Grants and entitlements	5,614,427	6,215,088	-	-	5,614,427	6,215,088
Investment earnings	628,526	638,773	-	-	628,526	638,773
Other	91,169	53,823	53,832	46,631	145,001	100,454
<b>Total revenues</b>	<b>14,881,097</b>	<b>14,304,048</b>	<b>2,056,626</b>	<b>1,936,092</b>	<b>16,937,723</b>	<b>16,240,140</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
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	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b><u>Expenses</u></b>						
Program expenses:						
Instruction:						
Regular	\$ 1,388,047	\$ 1,325,232	\$ -	\$ -	\$ 1,388,047	\$ 1,325,232
Vocational	5,724,605	5,738,473	-	-	5,724,605	5,738,473
Adult/continuing	321,916	89,368	-	-	321,916	89,368
Support services:						
Pupil	1,145,115	1,118,135	-	-	1,145,115	1,118,135
Instructional staff	524,937	434,067	-	-	524,937	434,067
Board of Education	70,331	55,128	-	-	70,331	55,128
Administration	1,661,651	1,465,871	-	-	1,661,651	1,465,871
Fiscal	490,018	491,934	-	-	490,018	491,934
Business	44,026	65,793	-	-	44,026	65,793
Operations and maintenance	988,108	1,457,300	-	-	988,108	1,457,300
Pupil transportation	146,446	140,937	-	-	146,446	140,937
Central	168,049	155,277	-	-	168,049	155,277
Operation of non-instructional services:						
Other non-instructional services	5,860	4,089	-	-	5,860	4,089
Food service operations	298,251	293,030	-	-	298,251	293,030
Extracurricular activities	76,744	91,391	-	-	76,744	91,391
Interest and fiscal charges	274,685	255,839	-	-	274,685	255,839
Adult education	-	-	<u>2,282,713</u>	<u>2,197,295</u>	<u>2,282,713</u>	<u>2,197,295</u>
Total expenses	<u>13,328,789</u>	<u>13,181,864</u>	<u>2,282,713</u>	<u>2,197,295</u>	<u>15,611,502</u>	<u>15,379,159</u>
Transfers	<u>(249,441)</u>	<u>(249,342)</u>	<u>249,441</u>	<u>249,342</u>	<u>-</u>	<u>-</u>
Changes in net assets	1,302,867	872,842	23,354	(11,861)	1,326,221	860,981
Net assets at beginning of year	<u>11,411,642</u>	<u>10,538,800</u>	<u>(102,373)</u>	<u>(90,512)</u>	<u>11,309,269</u>	<u>10,448,288</u>
Net assets at end of year	<u>\$ 12,714,509</u>	<u>\$ 11,411,642</u>	<u>\$ (79,019)</u>	<u>\$ (102,373)</u>	<u>\$ 12,635,490</u>	<u>\$ 11,309,269</u>

**Governmental Activities**

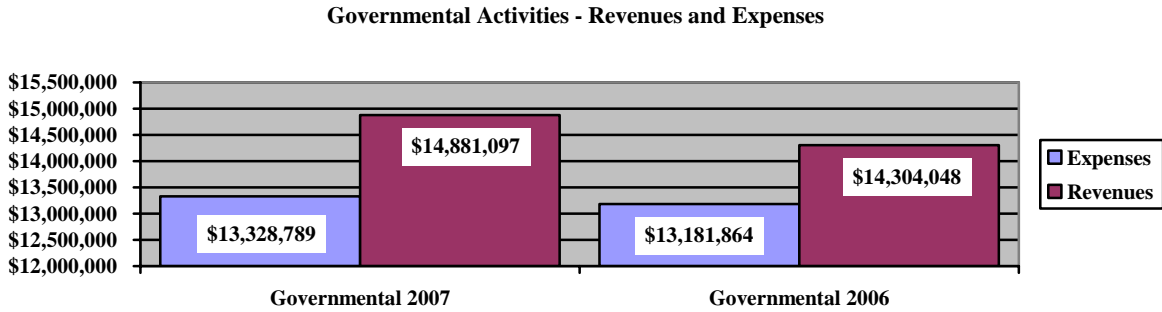
Net assets of the Center's governmental activities increased \$1,302,867. Total governmental expenses of \$13,328,789 were offset by program revenues of \$2,794,608 and general revenues of \$12,086,489. Program revenues supported 20.97% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 76.38% 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, 2007  
(UNAUDITED)

The graph below presents the Center's governmental activities revenue and expenses for fiscal years 2007 and 2006.



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 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

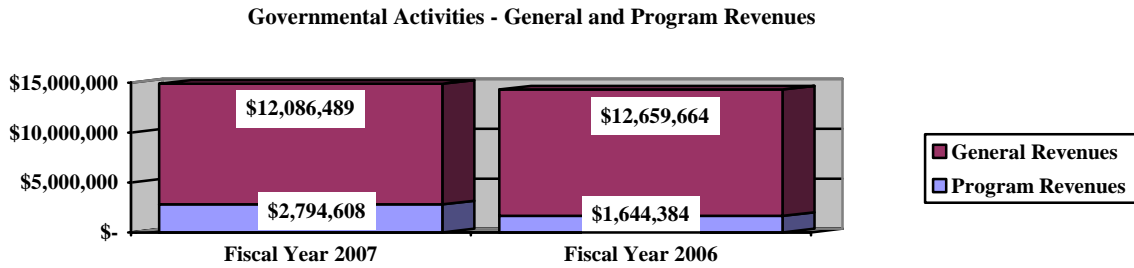
	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program expenses:				
Instruction:				
Regular	\$ 1,388,047	\$ 1,388,047	\$ 1,325,232	\$ 1,325,232
Vocational	5,724,605	4,148,054	5,738,473	4,816,217
Adult/continuing	321,916	70,477	89,368	16,954
Support services:				
Pupil	1,145,115	1,051,959	1,118,135	1,015,272
Instructional staff	524,937	359,158	434,067	342,492
Board of Education	70,331	70,331	55,128	55,128
Administration	1,661,651	1,618,042	1,465,871	1,460,184
Fiscal	490,018	490,018	491,934	491,934
Business	44,026	44,026	65,793	65,793
Operations and maintenance	988,108	776,135	1,457,300	1,457,300
Pupil transportation	146,446	146,446	140,937	140,937
Central	168,049	36,316	155,277	22,382
Operation of non-instructional services:				
Other non-instructional services	5,860	5,860	4,089	4,089
Food service operations	298,251	(22,117)	293,030	(23,664)
Extracurricular activities	76,744	76,744	91,391	91,391
Interest and fiscal charges	<u>274,685</u>	<u>274,685</u>	<u>255,839</u>	<u>255,839</u>
<b>Total expenses</b>	<u>\$ 13,328,789</u>	<u>\$ 10,534,181</u>	<u>\$ 13,181,864</u>	<u>\$ 11,537,480</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

The dependence upon tax revenues during fiscal year 2007 for governmental activities is apparent, was 75.41% of 2007 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 79.03% in 2007. 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 2007 and 2006.



**Business-Type Activities**

The adult education program provides the business-type activities. This program had revenues of \$2,056,626 and expenses of \$2,282,713 for fiscal year 2007. During fiscal year 2007, the adult education program received transfers of \$249,441. 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 17) reported a combined fund balance of 10,062,446, which is \$402,279 more than last year's total of \$9,660,167. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	<u>Fund Balance June 30, 2007</u>	<u>Fund Balance June 30, 2006</u>	<u>Increase Decrease</u>
General	\$ 8,762,289	\$ 7,960,464	\$ 801,825
Other Governmental	<u>1,300,157</u>	<u>1,699,703</u>	<u>(399,546)</u>
Total	<u>\$ 10,062,446</u>	<u>\$ 9,660,167</u>	<u>\$ 402,279</u>

**General Fund**

The Center's general fund's fund balance increased by \$801,825, due to an increase in revenues which exceeded the increase in expenditures, as well as less transfers out of the general fund compared to 2006. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

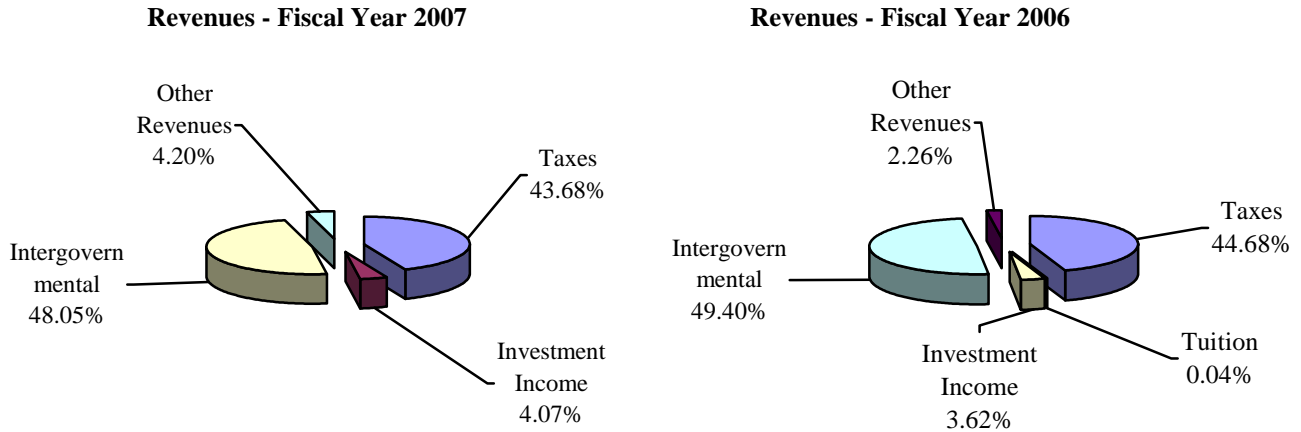
**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

The table that follows assists in illustrating the revenues of the general fund.

	<u>2007 Amount</u>	<u>2006 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 5,868,142	\$ 5,620,963	\$ 247,179	4.40 %
Tuition	-	4,548	(4,548)	(100.00) %
Interest earnings	546,605	455,449	91,156	20.01 %
Intergovernmental	6,456,736	6,215,088	241,648	3.89 %
Other revenues	<u>564,206</u>	<u>285,560</u>	<u>278,646</u>	97.58 %
Total	<u>\$ 13,435,689</u>	<u>\$ 12,581,608</u>	<u>\$ 854,081</u>	6.79 %

Intergovernmental revenue increased from the prior year which can be attributed to an increase in the number of grants the Center received in 2007. The increase in interest earnings was due to increases in interest rates by the Federal Reserve Bank during the year and an increase in the amount of cash invested. Other revenue increased significantly due to an increase in rent received by the Center which was not received in fiscal year 2006.



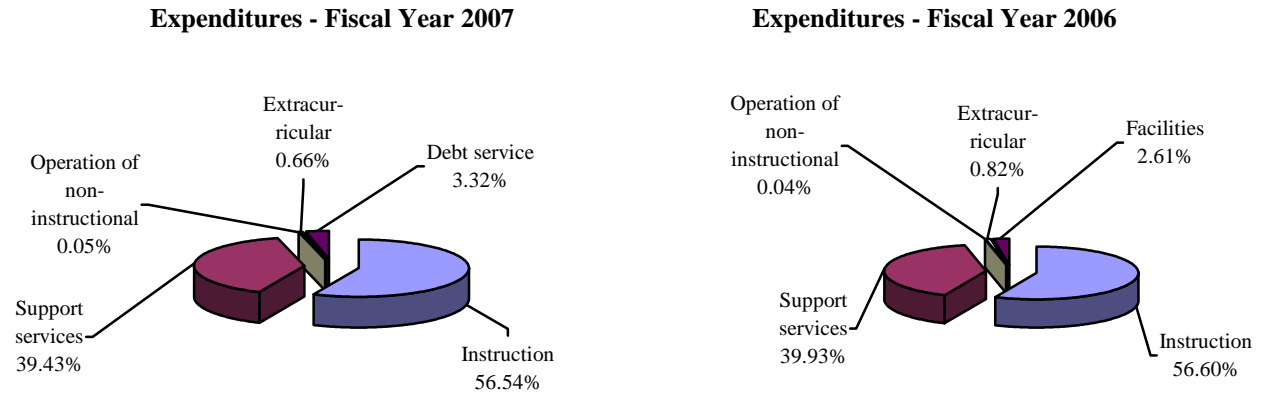
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2007 Amount</u>	<u>2006 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 6,617,190	\$ 6,288,600	\$ 328,590	5.23 %
Support services	4,615,134	4,436,420	178,714	4.03 %
Operation of non-instructional services	5,860	4,089	1,771	43.31 %
Extracurricular activities	76,787	91,458	(14,671)	(16.04) %
Facilities acquisition and construction	-	290,482	(290,482)	(100.00) %
Debt service	<u>388,317</u>	-	<u>388,317</u>	100.00 %
Total	<u>\$ 11,703,288</u>	<u>\$ 11,111,049</u>	<u>\$ 592,239</u>	5.33 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

The increase in instruction expenditures was primarily due to general salary increases. The decrease in facilities acquisition and construction was due to the usage of the budget reserve funds during fiscal year 2006 for a portion of the renovation project which exhausted the budget reserve. The general fund provided transfers to the permanent improvement fund during fiscal year 2007 but made no disbursements for construction expenses during fiscal year 2007. The increase in debt service was due to payments made from the general fund on the OASBOA lease purchase agreement.



**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 year 2007, 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 \$13,349,795, which was higher than original budget estimates of \$12,622,503. Actual budget basis revenues and other financing sources of \$13,494,969 were \$145,174 higher than the final budget.

General fund original appropriations (expenditures plus other financing uses) of \$13,282,324 were decreased to \$13,102,156 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$12,958,452, which was \$143,704 less than the final budget appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the Center had \$9,056,637 invested in land, construction-in-progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$9,017,557 was reported in governmental activities and \$39,080 was reported in business-type activities. The following table shows fiscal year 2007 balances compared to 2006:



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

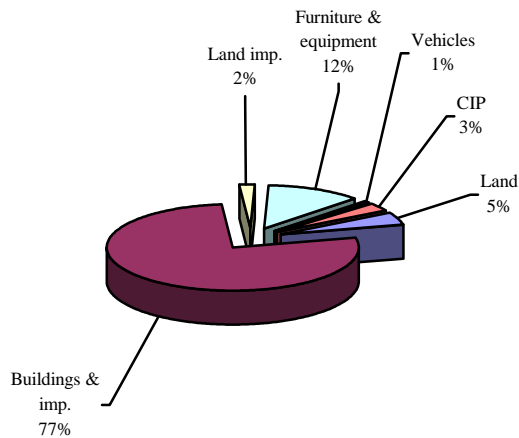
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

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

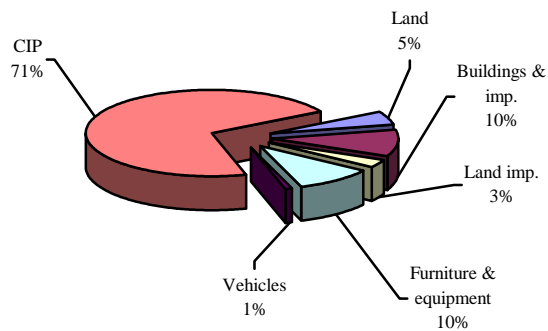
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 432,770	\$ 432,770	\$ -	\$ -	\$ 432,770	\$ 432,770
Construction-in-progress	286,001	5,637,432	-	-	286,001	5,637,432
Land improvements	183,955	208,291	-	-	183,955	208,291
Building and improvements	6,954,327	762,389	-	-	6,954,327	762,389
Furniture and equipment	1,084,092	795,140	39,080	45,320	1,123,172	840,460
Vehicles	76,412	95,628	-	-	76,412	95,628
<b>Total</b>	<b>\$ 9,017,557</b>	<b>\$ 7,931,650</b>	<b>\$ 39,080</b>	<b>\$ 45,320</b>	<b>\$ 9,056,637</b>	<b>\$ 7,976,970</b>

The significant increase in capital assets was due to the construction of the addition and renovation of the career center. The addition project was funded by an OASBO lease purchase agreement and was completed during this fiscal year. The renovation projects are still ongoing and are included in construction-in-progress and scheduled to be completed during fiscal year 2008. The following graphs show the breakdown of governmental activities capital assets by category for 2007 and 2006.

**Capital Assets - Governmental Activities  
2007**



**Capital Assets - Governmental Activities  
2006**



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

**Debt Administration**

During fiscal year 2006, the Center issued an OASBO lease-purchase agreement, the only debt outstanding in 2007. Of the balance \$138,000 is due within one year and \$6,039,000 is due in more than one year. The following table shows fiscal 2007 balances compared to 2006:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

**Outstanding Debt, at Year End**

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
OASBO Lease Purchase Agreement	\$ 6,177,000	\$ 6,181,420
Total	<u>\$ 6,177,000</u>	<u>\$ 6,181,420</u>

At June 30, 2007 the Center's overall legal debt margin was \$252,440,799 with an unvoted debt margin of \$2,804,898.

See Note 9 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 2007 through fiscal year 2010 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 nor 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 and the implementation of house Bill 66 in 2007, 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.

During fiscal year 2007, Phase II of the ongoing renovation of the career center building was completed and Phases III and IV are planned to be completed during fiscal year 2008. These phases of the renovation project are included in the Center's capital assets as construction in progress at June 30, 2007. The Center is currently number 33 on the list of schools to receive funding from the Ohio School Facilities Commission.

**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, 2007

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . .	\$ 10,998,985	\$ 15,141	\$ 11,014,126
Receivables:			
Taxes . . . . .	6,749,473	-	6,749,473
Accounts . . . . .	38,297	84,664	122,961
Intergovernmental . . . . .	96,586	46,155	142,741
Accrued interest . . . . .	165,362	-	165,362
Internal balances . . . . .	61,858	(61,858)	-
Prepayments. . . . .	26,477	10,651	37,128
Materials and supplies inventory . . . . .	11,296	-	11,296
Capital assets:			
Land and construction-in-progress . . . . .	718,771	-	718,771
Depreciable capital assets, net . . . . .	8,298,786	39,080	8,337,866
Total capital assets, net . . . . .	<u>9,017,557</u>	<u>39,080</u>	<u>9,056,637</u>
 Total assets. . . . .	 <u>27,165,891</u>	 <u>133,833</u>	 <u>27,299,724</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	103,167	17,706	120,873
Accrued wages and benefits . . . . .	925,370	13,726	939,096
Pension obligation payable. . . . .	141,271	-	141,271
Intergovernmental payable . . . . .	30,618	649	31,267
Unearned revenue . . . . .	5,540,634	-	5,540,634
Claims payable . . . . .	2,208	-	2,208
Long-term liabilities:			
Due within one year. . . . .	298,908	38,819	337,727
Due in more than one year . . . . .	7,409,206	141,952	7,551,158
 Total liabilities . . . . .	 <u>14,451,382</u>	 <u>212,852</u>	 <u>14,664,234</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	2,840,557	39,080	2,879,637
Restricted for:			
Capital projects . . . . .	1,210,863	-	1,210,863
State funded programs. . . . .	41	-	41
Federally funded programs . . . . .	41,918	-	41,918
Other purposes . . . . .	43,017	-	43,017
Unrestricted (deficit) . . . . .	<u>8,578,113</u>	<u>(118,099)</u>	<u>8,460,014</u>
 Total net assets (deficit). . . . .	 <u>\$ 12,714,509</u>	 <u>\$ (79,019)</u>	 <u>\$ 12,635,490</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, 2007

	<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 . . . . .	\$ 1,388,047	\$ -	\$ -
Vocational . . . . .	5,724,605	261,064	1,315,487
Adult/Continuing . . . . .	321,916	-	251,439
Support services:			
Pupil . . . . .	1,145,115	-	93,156
Instructional staff . . . . .	524,937	-	165,779
Board of education . . . . .	70,331	-	-
Administration . . . . .	1,661,651	-	43,609
Fiscal . . . . .	490,018	-	-
Business . . . . .	44,026	-	-
Operations and maintenance . . . . .	988,108	211,973	-
Pupil transportation . . . . .	146,446	-	-
Central . . . . .	168,049	16,084	115,649
Operation of non-instructional services:			
Other non-instructional services . . . . .	5,860	-	-
Food service operations . . . . .	298,251	198,806	121,562
Extracurricular activities . . . . .	76,744	-	-
Interest and fiscal charges . . . . .	274,685	-	-
Total governmental activities . . . . .	<u>13,328,789</u>	<u>687,927</u>	<u>2,106,681</u>
<b>Business-type activities:</b>			
Adult education . . . . .	<u>2,282,713</u>	<u>998,481</u>	<u>1,004,313</u>
Total business-type activities . . . . .	<u>2,282,713</u>	<u>998,481</u>	<u>1,004,313</u>
Totals . . . . .	<u>\$ 15,611,502</u>	<u>\$ 1,686,408</u>	<u>\$ 3,110,994</u>

**General Revenues:**

Property taxes levied for:
General fund . . . . .
Grants and entitlements not restricted
to specific programs . . . . .
Investment earnings . . . . .
Miscellaneous . . . . .
Total general revenues . . . . .
Transfers . . . . .
Total general revenues and transfers . . . . .
Change in net assets . . . . .
<b>Net assets (deficit) at beginning of year . . . . .</b>
<b>Net assets (deficit) at end of year. . . . .</b>

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>
\$ (1,388,047)	\$ -	\$ (1,388,047)
(4,148,054)	-	(4,148,054)
(70,477)	-	(70,477)
(1,051,959)	-	(1,051,959)
(359,158)	-	(359,158)
(70,331)	-	(70,331)
(1,618,042)	-	(1,618,042)
(490,018)	-	(490,018)
(44,026)	-	(44,026)
(776,135)	-	(776,135)
(146,446)	-	(146,446)
(36,316)	-	(36,316)
(5,860)	-	(5,860)
22,117	-	22,117
(76,744)	-	(76,744)
(274,685)	-	(274,685)
(10,534,181)	-	(10,534,181)
-	(279,919)	(279,919)
-	(279,919)	(279,919)
(10,534,181)	(279,919)	(10,814,100)
5,752,367	-	5,752,367
5,614,427	-	5,614,427
628,526	-	628,526
91,169	53,832	145,001
12,086,489	53,832	12,140,321
(249,441)	249,441	-
11,837,048	303,273	12,140,321
1,302,867	23,354	1,326,221
11,411,642	(102,373)	11,309,269
\$ 12,714,509	\$ (79,019)	\$ 12,635,490

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 9,654,463	\$ 1,324,293	\$ 10,978,756
Receivables:			
Taxes. . . . .	6,749,473	-	6,749,473
Accounts . . . . .	37,741	556	38,297
Intergovernmental . . . . .	-	96,586	96,586
Accrued interest . . . . .	165,362	-	165,362
Interfund loans . . . . .	75,519	-	75,519
Due from other funds . . . . .	3,017	-	3,017
Prepayments . . . . .	25,327	1,150	26,477
Materials and supplies inventory . . . . .	-	11,296	11,296
Total assets . . . . .	<u>\$ 16,710,902</u>	<u>\$ 1,433,881</u>	<u>\$ 18,144,783</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 86,956	\$ 16,211	\$ 103,167
Accrued wages and benefits . . . . .	859,549	65,821	925,370
Pension obligation payable. . . . .	133,339	7,932	141,271
Intergovernmental payable . . . . .	29,932	686	30,618
Interfund loans payable. . . . .	-	14,761	14,761
Due to other funds . . . . .	-	1,297	1,297
Deferred revenue . . . . .	1,298,203	27,016	1,325,219
Unearned revenue . . . . .	5,540,634	-	5,540,634
Total liabilities . . . . .	<u>7,948,613</u>	<u>133,724</u>	<u>8,082,337</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	31,632	70,938	102,570
Reserved for materials and supplies inventory. . . . .	-	11,296	11,296
Reserved for property tax unavailable for appropriation . . . . .	30,978	-	30,978
Reserved for prepayments . . . . .	25,327	1,150	26,477
Unreserved/undesignated reported in:			
General fund. . . . .	8,674,352	-	8,674,352
Special revenue funds . . . . .	-	76,523	76,523
Capital projects funds . . . . .	-	1,140,250	1,140,250
Total fund balances . . . . .	<u>8,762,289</u>	<u>1,300,157</u>	<u>10,062,446</u>
Total liabilities and fund balances . . . . .	<u>\$ 16,710,902</u>	<u>\$ 1,433,881</u>	<u>\$ 18,144,783</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, 2007

<b>Total governmental fund balances</b>		\$	10,062,446
<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.			9,017,557
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	1,177,861	
Earnings on investments		120,342	
Intergovernmental revenue		27,016	
Total			1,325,219
An internal service fund is used by management to charge the costs of vision insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. The net assets of the internal service fund, excluding internal balances of \$620, are:			17,401
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(1,531,114)	
OASBO lease purchase		(6,177,000)	
Total			(7,708,114)
<b>Net assets of governmental activities</b>		\$	12,714,509

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, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 5,868,142	\$ -	\$ 5,868,142
Charges for services . . . . .	-	198,806	198,806
Earnings on investments. . . . .	546,605	-	546,605
Extracurricular. . . . .	-	16,084	16,084
Classroom materials and fees . . . . .	122,870	-	122,870
Rental income . . . . .	211,973	-	211,973
Other local revenues. . . . .	229,363	650	230,013
Intergovernmental - State . . . . .	6,456,736	52,650	6,509,386
Intergovernmental - Federal. . . . .	-	1,245,791	1,245,791
Total revenues. . . . .	<u>13,435,689</u>	<u>1,513,981</u>	<u>14,949,670</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	1,360,925	825	1,361,750
Vocational. . . . .	5,256,265	646,109	5,902,374
Adult/Continuing . . . . .	-	226,064	226,064
Support Services:			
Pupil. . . . .	957,267	175,412	1,132,679
Instructional staff . . . . .	360,733	162,539	523,272
Board of education . . . . .	69,353	-	69,353
Administration. . . . .	1,579,059	45,096	1,624,155
Fiscal . . . . .	485,623	-	485,623
Business . . . . .	44,026	-	44,026
Operations and maintenance. . . . .	975,606	2,275	977,881
Pupil transportation . . . . .	123,200	-	123,200
Central. . . . .	20,267	147,782	168,049
Operation of non-instructional services:			
Other non-instructional services. . . . .	5,860	-	5,860
Food service operations . . . . .	-	295,171	295,171
Extracurricular activities. . . . .	76,787	-	76,787
Facilities acquisition and construction . . . . .	-	1,002,966	1,002,966
Debt service:			
Principal retirement . . . . .	132,000	-	132,000
Interest and fiscal charges . . . . .	256,317	18,368	274,685
Total expenditures . . . . .	<u>11,703,288</u>	<u>2,722,607</u>	<u>14,425,895</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>1,732,401</u>	<u>(1,208,626)</u>	<u>523,775</u>
<b>Other financing sources (uses):</b>			
Transfers in. . . . .	-	681,500	681,500
Transfers (out) . . . . .	(930,941)	-	(930,941)
Issuance of lease purchase. . . . .	-	127,580	127,580
Sale of assets. . . . .	365	-	365
Total other financing sources (uses) . . . . .	<u>(930,576)</u>	<u>809,080</u>	<u>(121,496)</u>
Net change in fund balances . . . . .	801,825	(399,546)	402,279
<b>Fund balances at beginning of year . . . . .</b>	<u>7,960,464</u>	<u>1,699,703</u>	<u>9,660,167</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 8,762,289</u>	<u>\$ 1,300,157</u>	<u>\$ 10,062,446</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, 2007

**Net change in fund balances - total governmental funds** \$ 402,279

*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	\$ 1,389,609	
Current year depreciation	(289,328)	
<b>Total</b>		<b>1,100,281</b>

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. (14,374)

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

Delinquent property taxes	(115,775)	
Accrued interest	81,921	
Intergovernmental	(34,719)	
<b>Total</b>		<b>(68,573)</b>

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets. 132,000

The issuance of lease purchase agreement is recorded as an other financing source in the funds, however, in the statement of activities, this is not reported as revenues as it increases liabilities on the statement of net assets. (127,580)

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. (128,640)

The internal service fund used by management to charge the cost of vision self-insurance is not reported in the government-wide statement activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance activity of \$124, is allocated among the governmental activities. 7,474

**Change in net assets of governmental activities** **\$ 1,302,867**

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, 2007

	<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 . . . . .	\$ 5,558,137	\$ 5,878,390	\$ 5,878,390	\$ -
Earnings on investments. . . . .	414,760	450,871	450,871	-
Classroom materials and fees. . . . .	116,176	122,870	122,870	-
Rental income. . . . .	211,973	211,973	211,973	-
Other local revenues. . . . .	171,841	181,742	191,622	9,880
Intergovernmental - State . . . . .	6,104,975	6,456,736	6,456,736	-
<b>Total revenues . . . . .</b>	<u>12,577,862</u>	<u>13,302,582</u>	<u>13,312,462</u>	<u>9,880</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,303,120	1,382,102	1,381,867	235
Vocational. . . . .	5,400,773	5,405,132	5,358,459	46,673
Support Services:				
Pupil. . . . .	995,211	987,556	979,248	8,308
Instructional staff . . . . .	378,446	379,696	361,056	18,640
Board of education . . . . .	64,230	70,065	69,041	1,024
Administration. . . . .	1,744,792	1,628,985	1,613,953	15,032
Fiscal . . . . .	505,472	523,471	496,188	27,283
Business . . . . .	69,500	74,500	44,291	30,209
Operations and maintenance. . . . .	1,087,510	1,025,365	1,020,518	4,847
Pupil transportation . . . . .	120,157	124,525	123,983	542
Central. . . . .	35,500	20,500	19,767	733
Operation of non-instructional services:				
Other non-instructional services . . . . .	13,095	16,363	6,212	10,151
Extracurricular activities. . . . .	89,441	82,577	78,165	4,412
Debt service:				
Principal retirement . . . . .	132,000	132,000	132,000	-
Interest and fiscal charges . . . . .	295,577	256,318	256,317	1
<b>Total expenditures . . . . .</b>	<u>12,234,824</u>	<u>12,109,155</u>	<u>11,941,065</u>	<u>168,090</u>
Excess of revenues over expenditures. . . . .	<u>343,038</u>	<u>1,193,427</u>	<u>1,371,397</u>	<u>177,970</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	43,738	46,258	46,258	-
Transfers in . . . . .	558	590	10,518	9,928
Transfers (out) . . . . .	(825,000)	(915,001)	(941,459)	(26,458)
Advances in. . . . .	-	-	125,366	125,366
Advances (out) . . . . .	(222,500)	(78,000)	(75,928)	2,072
Sale of assets . . . . .	345	365	365	-
<b>Total other financing sources (uses) . . . . .</b>	<u>(1,002,859)</u>	<u>(945,788)</u>	<u>(834,880)</u>	<u>110,908</u>
Net change in fund balance . . . . .	(659,821)	247,639	536,517	288,878
<b>Fund balance at beginning of year. . . . .</b>	8,832,849	8,832,849	8,832,849	-
<b>Prior year encumbrances appropriated . . . . .</b>	107,260	107,260	107,260	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 8,280,288</u>	<u>\$ 9,187,748</u>	<u>\$ 9,476,626</u>	<u>\$ 288,878</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007

	<b>Business-Type Activities - Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 15,141	\$ 20,229
Receivables:		
Accounts . . . . .	84,664	-
Intergovernmental . . . . .	46,155	-
Prepayments . . . . .	10,651	-
	<u>156,611</u>	<u>20,229</u>
Total current assets . . . . .		
Noncurrent assets:		
Capital assets, net . . . . .	39,080	-
	<u>39,080</u>	<u>-</u>
Total assets . . . . .	<u>195,691</u>	<u>20,229</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable . . . . .	17,706	-
Accrued wages and benefits . . . . .	13,726	-
Compensated absences . . . . .	38,819	-
Interfund loan payable . . . . .	60,758	-
Intergovernmental payable . . . . .	649	-
Due to other funds . . . . .	1,720	-
Claims payable . . . . .	-	2,208
	<u>133,378</u>	<u>2,208</u>
Total current liabilities . . . . .	<u>133,378</u>	<u>2,208</u>
Noncurrent liabilities:		
Compensated absences . . . . .	141,952	-
	<u>141,952</u>	<u>-</u>
Total liabilities . . . . .	<u>275,330</u>	<u>2,208</u>
<b>Net assets:</b>		
Invested in capital assets . . . . .	39,080	-
Unrestricted (deficit) . . . . .	(118,719)	18,021
	<u>(79,639)</u>	<u>18,021</u>
Total net assets (deficit) . . . . .	<u>(79,639)</u>	<u>\$ 18,021</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.		
	620	
	<u>620</u>	
Net assets (deficit) of business-type activities	<u>\$ (79,019)</u>	

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  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Business-Type Activities - Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>		
Tuition and fees. . . . .	\$ 998,481	\$ -
Sales/charges for services. . . . .	-	30,435
Other . . . . .	53,832	-
	1,052,313	30,435
<b>Operating expenses:</b>		
Personal services. . . . .	1,579,896	-
Purchased services. . . . .	340,534	-
Materials and supplies . . . . .	308,638	-
Claims . . . . .	-	23,085
Other. . . . .	26,693	-
Depreciation . . . . .	6,950	-
	2,262,711	23,085
Total operating expenses. . . . .	2,262,711	23,085
Operating income/(loss) . . . . .	(1,210,398)	7,350
<b>Nonoperating revenues/(expenses):</b>		
Loss on sale of capital assets . . . . .	(19,878)	-
Grants and subsidies. . . . .	1,004,313	-
	984,435	-
Total nonoperating revenues/(expenses) . . . . .	984,435	-
Income/(loss) before transfers . . . . .	(225,963)	7,350
Transfers . . . . .	249,441	-
Change in net assets . . . . .	23,478	7,350
<b>Net assets (deficit) at beginning of year . . . . .</b>	<b>(103,117)</b>	<b>10,671</b>
<b>Net assets (deficit) at end of year . . . . .</b>	<b>\$ (79,639)</b>	<b>\$ 18,021</b>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.	(124)	
Net change in net assets of business-type activities	<b>\$ 23,354</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Business-Type Activities - Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>		
Cash received from tuition and fees . . . . .	\$ 957,440	\$ -
Cash received from sales/charges for services. . . . .	-	30,435
Cash received from other operations. . . . .	53,832	-
Cash payments for personal services. . . . .	(1,584,114)	-
Cash payments for contractual services . . . . .	(330,205)	-
Cash payments for materials and supplies . . . . .	(313,103)	-
Cash payments for claims . . . . .	-	(23,014)
Cash payments for other expenses . . . . .	(26,813)	-
Net cash provided by/(used in) operating activities . . . . .	(1,242,963)	7,421
<b>Cash flows from noncapital financing activities:</b>		
Cash received from grants and subsidies. . . . .	1,002,104	-
Cash received from transfers in . . . . .	249,441	-
Cash received from interfund loans . . . . .	60,758	-
Cash used in repayment of interfund loans. . . . .	(46,680)	-
Net cash provided by noncapital financing activities. . . . .	1,265,623	-
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets . . . . .	(20,588)	-
Net cash used in capital and related financing activities. . . . .	(20,588)	-
Net increase in cash and cash equivalents . . . . .	2,072	7,421
<b>Cash and cash equivalents at beginning of year . . .</b>	13,069	12,808
<b>Cash and cash equivalents at end of year . . . . .</b>	\$ 15,141	\$ 20,229
<b>Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:</b>		
Operating income/(loss) . . . . .	\$ (1,210,398)	\$ 7,350
Adjustments:		
Depreciation. . . . .	6,950	-
Changes in assets and liabilities:		
Increase in accounts receivable . . . . .	(45,116)	-
Decrease in intergovernmental receivable . . . . .	4,075	-
Increase in prepayments . . . . .	(2,115)	-
Increase in accounts payable . . . . .	6,722	-
Decrease in accrued wages and benefits . . . . .	(156)	-
Decrease in intergovernmental payable. . . . .	(1,174)	-
Increase in compensated absences payable. . . . .	4,089	-
Decrease in pension obligation payable. . . . .	(6,614)	-
Increase in due to other funds . . . . .	774	-
Increase in claims payable. . . . .	-	71
Net cash provided by/(used in) operating activities . . . . .	\$ (1,242,963)	\$ 7,421

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, 2007

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 28,650	\$ 73,032
Total assets . . . . .	28,650	\$ 73,032
<b>Liabilities:</b>		
Due to students . . . . .	-	\$ 73,032
Total liabilities . . . . .	-	\$ 73,032
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	28,650	
Total net assets . . . . .	\$ 28,650	

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, 2007

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 601
Gifts and contributions. . . . .	1,800
	2,401
Total additions. . . . .	2,401
<b>Deductions:</b>	
Scholarships awarded . . . . .	6,615
Change in net assets . . . . .	(4,214)
<b>Net assets at beginning of year. . . . .</b>	<b>32,864</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 28,650</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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, and 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 44 non-certified and 115 certified employees to provide services to approximately 833 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.

**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, food service, community services, adult education and student related activities of the Center.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

*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.

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 CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Trumbull County Schools Employee Insurance Benefit Consortium Association

The Trumbull County Schools Employee Insurance Benefit 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 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 are the Center's proprietary funds:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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 enterprise fund to account for adult education programs. This fund is considered a major enterprise fund.

*Internal Service Fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the Center accounts for a self-insurance program which provides vision benefits to employees.

*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. The agency funds are used to account for Pell grants and student activities.

**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. Internal service fund activity is eliminated to avoid overstatement of revenues and expenses.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

*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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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 Center's internal service fund is charges for sales and services. The principal operating revenues of the Center's enterprise funds are tuition and fees for adult education. Operating expenses for internal service funds include the cost of sales and services, administrative expenses and claims expenses. Operating expenses for the 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have 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 2007 is as follows:

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.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

2. By no later than January 20, the board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
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 revenue amount in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2007.
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 Center 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 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 2007. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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 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 2007, investments were limited to no-load money market mutual funds, federal agency securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

The Center has invested funds in STAR Ohio during fiscal 2007. 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, 2007.

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 2007 amounted to \$546,605 which includes \$78,745 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 consumption method on the fund financial statements and 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, 2007

**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 enterprise 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 \$2,000. 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 and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<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 the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables" and "due to/due from". 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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, 2007, 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. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**L. 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

**M. Fund Balance Reserves**

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, and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute.

**N. 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 amount restricted for other purposes represent amounts restricted for severance and retirement.

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

**O. 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.

**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 and sales and charges for services for a self-insurance program. 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 2007.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Deficit Fund Balances/Net Assets**

Fund balances/net assets at June 30, 2007, included the following individual deficits:

	<u>Deficit</u>
<u>Major Fund</u>	
Adult Education	\$ 79,639
<u>Nonmajor Funds</u>	
Supplemental Equipment	440
Vocational Education	38,278

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.

**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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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 items (1) and (2) above 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.

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

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.

**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."

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

**B. Deposits with Financial Institutions**

At June 30, 2007, the carrying amount of all the Center's deposits was \$1,357,168. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$1,110,943 of the Center's bank balance of \$1,410,943 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, 2007, the Center had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Money Market	\$ 98,504	\$ 98,504	\$ -	\$ -	\$ -	\$ -
STAR Ohio	1,802,978	1,802,978	-	-	-	-
FHLMC Discount Note	320,815	320,815	-	-	-	-
FNMA Discount Note	806,339	663,269	143,070	-	-	-
FHLMC	530,513	530,513	-	-	-	-
FHLB	3,628,305	928,535	1,703,270	598,109	398,391	-
FNMA	2,570,686	249,844	2,071,217	149,906	-	99,719
	<u>\$ 9,758,140</u>	<u>\$ 4,594,458</u>	<u>\$ 3,917,557</u>	<u>\$ 748,015</u>	<u>\$ 398,391</u>	<u>\$ 99,719</u>

The weighted average maturity of investments is .53 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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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Center's name. The Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*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, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Money Market	\$ 98,504	1.01
STAR Ohio	1,802,978	18.48
FHLMC Discount Note	320,815	3.29
FNMA Discount Note	806,339	8.26
FHLMC	530,513	5.44
FHLB	3,628,305	37.18
FNMA	<u>2,570,686</u>	<u>26.34</u>
	<u>\$ 9,758,140</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments 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, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 1,357,168
Investments	9,758,140
Cash on hand	<u>500</u>
Total	<u>\$ 11,115,808</u>

<u>Cash and Cash Equivalents per Statement of Net Assets</u>	
Governmental activities	\$ 10,998,985
Business type activities	15,141
Private-purpose trust funds	28,650
Agency funds	<u>73,032</u>
Total	<u>\$ 11,115,808</u>

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

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2007, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 14,761
General Fund	Adult Education Fund	<u>60,758</u>
Total interfund loans		<u>\$ 75,519</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.

- B.** Due to/from other funds consisted of the following at June 30, 2007, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,297
General Fund	Adult Education Fund	<u>1,720</u>
Total due to/from other funds		<u>\$ 3,017</u>

The primary purpose of the amount due to the general fund from the nonmajor governmental funds and the adult education fund are the amounts due for the accumulation of worker's 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 government-wide statements.

- C.** Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor Governmental Funds	\$ 681,500
Adult Education	<u>249,441</u>
Total transfers in/out	<u>\$ 930,941</u>

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.

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

All transfers made during the fiscal year 2007 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

**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.

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 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, and will be 6.25% for 2008 and zero for 2009. 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Center due to the phasing out of the tax. In calendar years 2006-2010, the Center will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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, 2007, are available to finance fiscal year 2007 operations. The amount available as an advance can vary based on the date the tax bills are sent.

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 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 is offset by a credit to unearned revenue. The amount available as an advance at June 30, 2007 was \$30,978 in the general fund which has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$41,226 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.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 2,701,300,440	85.73	\$ 2,714,732,260	87.43
Public Utility Personal	130,901,820	4.15	125,572,920	4.04
Tangible Personal Property	<u>318,693,103</u>	<u>10.12</u>	<u>264,957,747</u>	<u>8.53</u>
Total	<u>\$ 3,150,895,363</u>	<u>100.00</u>	<u>\$ 3,105,262,927</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.40		\$ 2.40	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2007 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 principal items of receivables reported on the statement of net assets follows:

<b>Governmental Activities</b>	
Taxes - current and delinquent	\$ 6,749,473
Accounts	38,297
Intergovernmental	96,586
Accrued interest	<u>165,362</u>
Total governmental receivables	<u>\$ 7,049,718</u>
<b>Business-Type Activities</b>	
Accounts	\$ 84,664
Intergovernmental	<u>46,155</u>
Total business-type receivables	<u>\$ 130,819</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year-ended June 30, 2007, was as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Governmental Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 432,770	\$ -	\$ -	\$ 432,770
Construction-in-progress	<u>5,637,432</u>	<u>943,531</u>	<u>(6,294,962)</u>	<u>286,001</u>
Total capital assets, not being depreciated	<u>6,070,202</u>	<u>943,531</u>	<u>(6,294,962)</u>	<u>718,771</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	632,848	9,500	-	642,348
Buildings and improvements	12,880,251	6,294,962	-	19,175,213
Furniture and equipment	2,509,144	436,578	(153,783)	2,791,939
Vehicles	<u>226,787</u>	<u>-</u>	<u>-</u>	<u>226,787</u>
Total capital assets, being depreciated	<u>16,249,030</u>	<u>6,741,040</u>	<u>(153,783)</u>	<u>22,836,287</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(424,557)	(33,836)	-	(458,393)
Buildings and improvements	(12,117,862)	(103,024)	-	(12,220,886)
Furniture and Equipment	(1,714,004)	(133,252)	139,409	(1,707,847)
Vehicles	<u>(131,159)</u>	<u>(19,216)</u>	<u>-</u>	<u>(150,375)</u>
Total accumulated depreciated	<u>(14,387,582)</u>	<u>(289,328)</u>	<u>139,409</u>	<u>(14,537,501)</u>
Governmental activities capital assets, net	<u>\$ 7,931,650</u>	<u>\$ 7,395,243</u>	<u>\$ (6,309,336)</u>	<u>\$ 9,017,557</u>
	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Business-Type Activities</b>				
<i>Capital assets, being depreciated:</i>				
Furniture, Fixtures & Equipment	\$ 718,845	\$ 20,588	\$ (552,272)	\$ 187,161
<i>Less: accumulated depreciation</i>				
Furniture, Fixtures & Equipment	<u>(673,525)</u>	<u>(6,950)</u>	<u>532,394</u>	<u>(148,081)</u>
Business-type activities capital assets, net	<u>\$ 45,320</u>	<u>\$ 13,638</u>	<u>\$ (19,878)</u>	<u>\$ 39,080</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,792
Vocational	149,344
Adult education	95,852
Support Services:	
Pupil	528
Board of education	478
Administration	1,944
Operations and maintenance	14,333
Pupil transportation	23,246
Food service operations	<u>1,811</u>
Total depreciation expense	<u>\$ 289,328</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental Activities</b>					
Compensated absences payable	\$ 1,402,474	\$ 335,483	\$ (206,843)	\$ 1,531,114	\$ 160,908
OASBO lease-purchase	<u>6,181,420</u>	<u>127,580</u>	<u>(132,000)</u>	<u>6,177,000</u>	<u>138,000</u>
Total governmental activities long-term liabilities	<u>\$ 7,583,894</u>	<u>\$ 463,063</u>	<u>\$ (338,843)</u>	<u>\$ 7,708,114</u>	<u>\$ 298,908</u>
<b>Business-Type Activities</b>					
Compensated absences	<u>\$ 176,682</u>	<u>\$ 38,819</u>	<u>\$ (34,730)</u>	<u>\$ 180,771</u>	<u>\$ 38,819</u>
Total business-type long-term liabilities	<u>\$ 176,682</u>	<u>\$ 38,819</u>	<u>\$ (34,730)</u>	<u>\$ 180,771</u>	<u>\$ 38,819</u>

*Compensated absences:* Compensated absences of the governmental activities will be paid from the Severance and Retirement nonmajor special revenue fund. Compensated absences of the business-type activities will be paid from the Adult Education fund.

*OASBO Lease-Purchase Agreement:* During fiscal 2006, the Center entered into a lease-purchase agreement with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of the construction of an addition to the career center. US Bank has been designated as trustee for the agreement. The source of revenue to fund principal and interest payments is general operating revenue of the Center. The annual payments will be payable from the general fund. At June 30, 2007, the Center had outstanding borrowings of \$6,177,000.

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of future payments required under the OASBO lease-purchase agreement:

Fiscal Year Ending June 30	Principal	Interest	Total
2008	\$ 138,000	\$ 289,392	\$ 427,392
2009	144,000	282,927	426,927
2010	151,000	276,180	427,180
2011	158,000	269,106	427,106
2012	165,000	261,705	426,705
2013-2017	943,000	1,185,494	2,128,494
2018-2022	1,178,000	943,509	2,121,509
2023-2027	1,467,000	641,658	2,108,658
2028-2032	1,833,000	265,218	2,098,218
Total	<u>\$ 6,177,000</u>	<u>\$ 4,415,189</u>	<u>\$ 10,592,189</u>

**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 code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Center. The assessed valuation used in determining the Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2007, are a voted debt margin of \$252,440,799 and an unvoted debt margin of \$2,804,898.

**NOTE 10 - EMPLOYEE BENEFITS**

**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-five (65) days. 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-five (65) days (1/3 of 195 days).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 10 - EMPLOYEE BENEFITS - (Continued)**

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.

**NOTE 11 - 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.

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 \$44,434,205. 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 School Employees Insurance Benefits 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.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 11 - RISK MANAGEMENT - (Continued)**

During fiscal year 2006, the Center established an Employee Benefits Self-Insurance Fund (an internal service fund) to account for and finance its self-insurance vision program administered by MedBen. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of \$2,500 for each individual covered. The Center purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. All funds of the Center participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

The claims liability of \$2,208 reported in the basic financial statements at June 30, 2007, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activity for the current year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2007	\$ 2,137	\$ 23,085	\$ (23,014)	\$ 2,208
2006	-	11,265	(9,128)	2,137

**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.

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

The Center contributes to the School Employees Retirement System (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. That 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 (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 12 - PENSION PLANS - (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent 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 statutory maximum amounts, by the SERS' Retirement Board. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$177,215, \$177,357, and \$167,815, respectively; 100% has been contributed for fiscal years ended June 30, 2007, 2006 and 2005.

**B. State Teachers Retirement System**

The Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strs.org](http://www.strs.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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 12 - PENSION PLANS - (Continued)**

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$940,902, \$869,666 and \$792,143, respectively; 100% has been contributed for fiscal years ended June 30, 2007, 2006 and 2005. Contributions to the DC and Combined Plans for fiscal 2007 were \$13,527 made by the Center and \$24,660 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The Center's liability is 6.2% of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Center, this amount equaled \$72,377 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, Center paid \$79,170 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts 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).
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 14 - 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:

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ 536,517
Net adjustment for revenue accruals	123,227
Net adjustment for expenditure accruals	148,167
Net adjustment for other sources/uses	(95,696)
Adjustment for encumbrances	<u>89,610</u>
GAAP basis	<u>\$ 801,825</u>

**NOTE 15 - 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 16 - 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, 2007, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2006	\$ (629,486)	\$ (5,558,526)
Current year set-aside requirement	132,005	132,005
Current year offsets	-	(500,000)
Qualifying disbursements	<u>(129,645)</u>	<u>(1,481,256)</u>
Total	<u>\$ (627,126)</u>	<u>\$ (7,407,777)</u>
Balance carried forward to FY 2008	<u>\$ (627,126)</u>	<u>\$ (5,558,526)</u>

The Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero; these extra amounts may not be used to reduce the set-aside requirements of future years, but GAAP prohibits showing negative reserves on the financial statements. Therefore, negative amounts are not presented on the financial statements.

**NOTE 17 - CONTRACTUAL COMMITMENTS**

As of June 30, 2007, the Center had that following contractual commitments outstanding for the building renovation project:

<u>Vendor</u>	<u>Amount Outstanding</u>
DeSalvo Construction Co.	\$ 102,862
Antenucci, Inc.	62,900
Waynco Electrical Contractors, Inc.	<u>54,850</u>
Totals	<u>\$ 220,612</u>

## **SUPPLEMENTARY DATA**

**TRUMBULL CAREER AND TECHNICAL CENTER  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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>						
(D) Food Donation	10.550	N/A	\$ -	\$ 9,162	\$ -	\$ 9,162
<b>Nutrition Cluster:</b>						
(A),(C) School Breakfast Program	10.553	051631-05PU-2006	4,695		4,695	
(A),(C) School Breakfast Program	10.553	051631-05PU-2007	16,058		16,058	
<b>Total School Breakfast Program</b>			<u>20,753</u>		<u>20,753</u>	
(A),(C) National School Lunch Program	10.555	051631-LLP4-2006	19,636		19,636	
(A),(C) National School Lunch Program	10.555	051631-LLP4-2007	65,844		65,844	
<b>Total National School Lunch Program</b>			<u>85,480</u>		<u>85,480</u>	
<b>Total Nutrition Cluster</b>			<u>106,233</u>		<u>106,233</u>	
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<u>106,233</u>	9,162	<u>106,233</u>	9,162
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A (DIRECT PROGRAMS):</b>						
<b>Student Financial Assistance Cluster:</b>						
(E) Federal Family Education Loans	84.032	N/A	403,712		403,712	
(E) Federal Pell Grant Program	84.063	N/A	291,486		291,486	
<b>Total Student Financial Assistance Cluster</b>			<u>695,198</u>		<u>695,198</u>	
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Adult Education-State Grant Program	84.002	051631-AB-S1-2005	12,000		12,000	
Adult Education-State Grant Program	84.002	051631-AB-S1-2006	5,831		-	
Adult Education-State Grant Program	84.002	051631-AB-S1-2007	347,440		355,120	
<b>Total Adult Education-State Grant Program</b>			<u>365,271</u>		<u>367,120</u>	
Vocational Education-Basic Grants to States	84.048	051631-20-A0-2005	9,979		16,371	
Vocational Education-Basic Grants to States	84.048	051631-20-C1-2006	158,359		157,988	
Vocational Education-Basic Grants to States	84.048	051631-20-C1-2007	581,934		573,349	
Vocational Education-Basic Grants to States	84.048	051631-20-C2-2006	14,338		-	
Vocational Education-Basic Grants to States	84.048	051631-20-C2-2007	64,166		60,344	
<b>Total Vocational Education-Basic Grants to States</b>			<u>828,776</u>		<u>808,052</u>	
Safe and Drug-Free Schools and Communities-State Grants	84.186	051631-DR-S1-2007	1,621		1,621	
State Grants for Innovative Programs	84.298	051631-C2-S1-2006	1,028		531	
State Grants for Innovative Programs	84.298	051631-C2-S1-2007	1,214		1,214	
<b>Total State Grants for Innovative Programs</b>			<u>2,242</u>		<u>1,745</u>	
Improving Teacher Quality State Grants	84.367	051631-TR-S1-2007	4,304		4,304	
<b>Total U.S. Department of Education</b>			<u>1,897,412</u>		<u>1,878,040</u>	
<b>Total Federal Financial Assistance</b>			<u>\$ 2,003,645</u>	<u>\$ 9,162</u>	<u>\$ 1,984,273</u>	<u>\$ 9,162</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.
- (E) Included as part of "Student Financial Assistance Cluster" in determining major programs.





**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 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, business-type activities, each major fund, and the aggregate remaining fund information of Trumbull Career and Technical Center, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Trumbull Career and Technical Center's basic financial statements and have issued our report thereon dated October 31, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trumbull Career and Technical Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Trumbull Career and Technical Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Trumbull Career and Technical Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Trumbull Career and Technical Center's financial statements that is more than inconsequential will not be prevented or detected by Trumbull Career and Technical Center's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as 2007-TCTC-001 to be a significant deficiency in internal control over financial reporting.

Board of Education  
Trumbull Career and Technical Center

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Trumbull Career and Technical Center's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Trumbull Career and Technical Center in a separate letter dated October 31, 2007.

Trumbull Career and Technical Center's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Trumbull Career and Technical Center's response and, accordingly, we express no opinion on it.

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



Julian & Grube, Inc.  
October 31, 2007



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

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**Report on Compliance With Requirements Applicable to Each  
Major 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 Trumbull Career and Technical Center, Trumbull County, Ohio, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007. Trumbull Career and Technical Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Trumbull Career and Technical Center's management. Our responsibility is to express an opinion on 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 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 each of its major federal programs for the fiscal year ended June 30, 2007.

Board of Education  
Trumbull Career and Technical Center

Internal Control Over Compliance

The management of 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 Trumbull Career and Technical Center's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Trumbull Career and Technical Center's internal control over compliance.

A control deficiency in Trumbull Career and Technical Center's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Trumbull Career and Technical Center's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Trumbull Career and Technical Center's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Trumbull Career and Technical Center's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Julian & Grube, Inc.  
October 31, 2007

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Adult Education – State Grant Program – CFDA #84.002; Vocational Education – Basic Grants to States - CFDA #84.048;
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2007-TCTC-001

**Significant Deficiency - Receipt Posting**

During the course of our audit, we identified a material misstatement in the financial statements for the fiscal year under audit that were not initially identified by the Center's internal control. An audit adjustment was necessary to correct an error on the Center's financial statements. A description of the material adjustment follows:

*Grants Classification* - Audit adjustments were necessary to properly classify federal revenue. Intergovernmental revenue – federal was understated by \$695,198 and tuition revenue was overstated by \$695,198 in the Adult Education Fund. This is the result of the inclusion of Pell Grant revenue of \$291,486 and Federal Family Education Loan revenue of \$403,712 as tuition instead of intergovernmental revenue – federal in the Adult Education Fund.

*Client Response:* Management concurs with the finding and will attempt to record transactions properly in accordance with guidance provided by the USAS manual.

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



**Mary Taylor, CPA**  
Auditor of State

**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  
JANUARY 22, 2008**