

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010***

**GARY GHIZZONI, TREASURER**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Trumbull Career and Technical Center, Trumbull County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. 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

December 15, 2010

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

BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

To the Members of the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trumbull Career and Technical Center, Trumbull County, Ohio as of and for the fiscal year ended June 30, 2010, 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 the Comptroller General of the United States' *Government Auditing Standards*. These standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, 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 November 2, 2010 on our consideration of Trumbull Career and Technical Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

We conducted our audit to opine on the financial statements that collectively comprise Trumbull Career and Technical Center's basic financial statements. The schedule of receipts and expenditures of federal awards is 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. We subjected the schedule of receipts and expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information 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." The signature is written in dark ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.  
November 2, 2010

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(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, 2010. 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 fiscal year 2010 are as follows:

- In total, net assets decreased \$254,381. Net assets of governmental activities decreased \$243,140, which represents a 1.80% decrease from 2009. Net assets of business-type activities decreased \$11,241 from 2009, which represents an increase in the deficit of 17.52% from 2009.
- General revenues of the governmental activities accounted for \$12,134,798 in revenue or 81.04% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,838,755 or 18.96% for total revenues of \$14,973,553.
- The Center had \$15,192,234 in expenses related to governmental activities; only \$2,838,755 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,134,798 were not adequate to provide for these programs.
- The Center had \$2,396,676 in expenses related to business-type activities; \$2,317,588 of these expenses were offset by program specific charge for services and grants and contributions. General revenues supporting business-type activities of \$43,388 and transfers of \$24,459 were not adequate to support these programs.
- The Center's major governmental fund is the general fund. The general fund had \$13,367,128 in revenues and \$13,643,345 in expenditures and other financing uses. The general fund's fund balance decreased \$276,217 from \$9,177,643 to \$8,901,426

**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 2010?" 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, 2010  
(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, 2010  
(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 27-55 of this report.

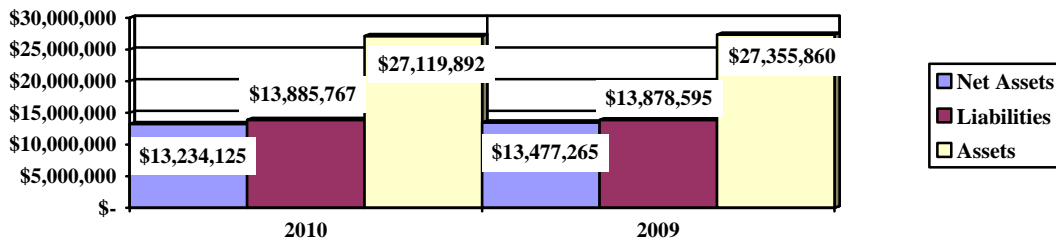
**The Center as a Whole**

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 at June 30, 2010 and June 30, 2009.

	<b>Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>						
Current assets	\$ 17,909,835	\$ 17,844,132	\$ (14,906)	\$ (28,565)	\$ 17,894,929	\$ 17,815,567
Capital assets, net	9,210,057	9,511,728	87,510	91,175	9,297,567	9,602,903
Total assets	<u>27,119,892</u>	<u>27,355,860</u>	<u>72,604</u>	<u>62,610</u>	<u>27,192,496</u>	<u>27,418,470</u>
<b><u>Liabilities</u></b>						
Current liabilities	6,472,970	6,476,953	38,209	6,370	6,511,179	6,483,323
Long-term liabilities	7,412,797	7,401,642	109,796	120,400	7,522,593	7,522,042
Total liabilities	<u>13,885,767</u>	<u>13,878,595</u>	<u>148,005</u>	<u>126,770</u>	<u>14,033,772</u>	<u>14,005,365</u>
<b><u>Net Assets</u></b>						
Invested in capital assets, net of related debt	3,466,057	3,616,728	87,510	91,175	3,553,567	3,707,903
Restricted	860,818	597,914	-	-	860,818	597,914
Unrestricted (deficit)	8,907,250	9,262,623	(162,911)	(155,335)	8,744,339	9,107,288
Total net assets	<u>\$ 13,234,125</u>	<u>\$ 13,477,265</u>	<u>\$ (75,401)</u>	<u>\$ (64,160)</u>	<u>\$ 13,158,724</u>	<u>\$ 13,413,105</u>

The graphs below present the District's governmental and business-type net assets at June 30, 2010 and June 30, 2009.

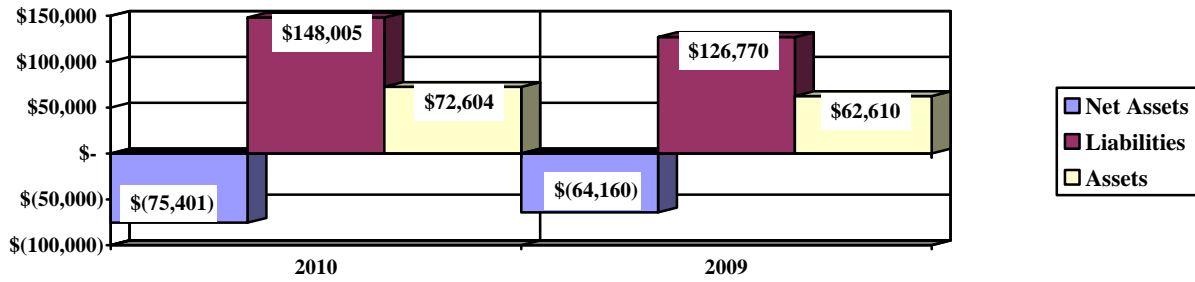
**Governmental - Net Assets**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
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**Business-Type - Net Assets**



The table below shows the changes in net assets for governmental activities and business-type activities for fiscal years 2010 and 2009.

**Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 617,169	\$ 697,486	\$ 2,076,065	\$ 1,975,928	\$ 2,693,234	\$ 2,673,414
Operating grants and contributions	2,221,586	2,189,257	241,523	233,701	2,463,109	2,422,958
General revenues:						
Property taxes	5,197,965	5,276,495	-	-	5,197,965	5,276,495
Grants and entitlements	6,744,111	6,502,792	-	-	6,744,111	6,502,792
Investment earnings	91,840	392,433	-	-	91,840	392,433
Other	100,882	61,812	43,388	88,333	144,270	150,145
<b>Total revenues</b>	<u>14,973,553</u>	<u>15,120,275</u>	<u>2,360,976</u>	<u>2,297,962</u>	<u>17,334,529</u>	<u>17,418,237</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>Expenses</u></b>						
Program expenses:						
Instruction:						
Regular	\$ 1,928,264	\$ 1,538,362	\$ -	\$ -	\$ 1,928,264	\$ 1,538,362
Special	627,965	5,615	-	-	627,965	5,615
Vocational	5,366,932	6,043,307	-	-	5,366,932	6,043,307
Adult/continuing	392,665	423,783	-	-	392,665	423,783
Support services:						
Pupil	1,371,321	1,259,352	-	-	1,371,321	1,259,352
Instructional staff	460,478	442,971	-	-	460,478	442,971
Board of education	68,604	66,168	-	-	68,604	66,168
Administration	2,077,315	1,797,445	-	-	2,077,315	1,797,445
Fiscal	549,033	530,418	-	-	549,033	530,418
Business	41,286	39,693	-	-	41,286	39,693
Operations and maintenance	1,211,600	1,136,983	-	-	1,211,600	1,136,983
Pupil transportation	199,692	76,679	-	-	199,692	76,679
Central	137,094	219,513	-	-	137,094	219,513
Operation of non-instructional services:						
Other non-instructional services	5,439	1,869	-	-	5,439	1,869
Food service operations	370,496	359,814	-	-	370,496	359,814
Extracurricular activities	107,869	90,962	-	-	107,869	90,962
Interest and fiscal charges	276,181	282,927	-	-	276,181	282,927
Adult education	-	-	2,396,676	2,269,258	2,396,676	2,269,258
Total expenses	<u>15,192,234</u>	<u>14,315,861</u>	<u>2,396,676</u>	<u>2,269,258</u>	<u>17,588,910</u>	<u>16,585,119</u>
Increase/decrease before transfers	(218,681)	804,414	(35,700)	28,704	(254,381)	833,118
Transfers	<u>(24,459)</u>	<u>(35,985)</u>	<u>24,459</u>	<u>35,985</u>	-	-
Changes in net assets	(243,140)	768,429	(11,241)	64,689	(254,381)	833,118
Net assets at beginning of year	<u>13,477,265</u>	<u>12,708,836</u>	<u>(64,160)</u>	<u>(128,849)</u>	<u>13,413,105</u>	<u>12,579,987</u>
Net assets at end of year	<u>\$ 13,234,125</u>	<u>\$ 13,477,265</u>	<u>\$ (75,401)</u>	<u>\$ (64,160)</u>	<u>\$ 13,158,724</u>	<u>\$ 13,413,105</u>

**Governmental Activities**

Net assets of the Center's governmental activities decreased \$243,140. Total governmental expenses of \$15,192,234 were offset by program revenues of \$2,838,755 and general revenues of \$12,134,798. Program revenues supported 18.69% of the total governmental expenses.

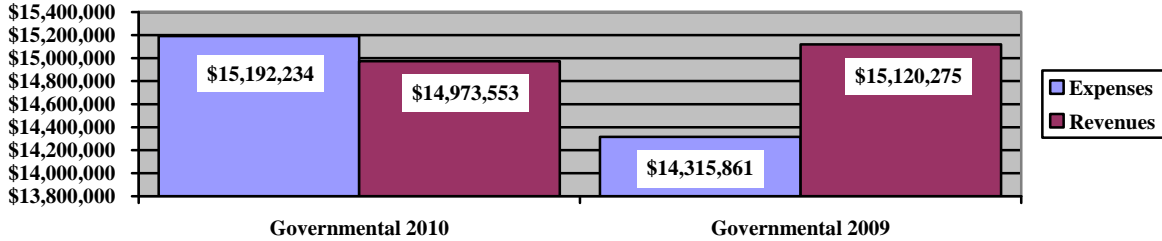
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 79.75% of total governmental revenue. Real estate property is reappraised every six years.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

The graph below presents the Center's governmental activities revenue and expenses for fiscal years 2010 and 2009.

**Governmental Activities - Revenues and Expenses**



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 2010 and 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

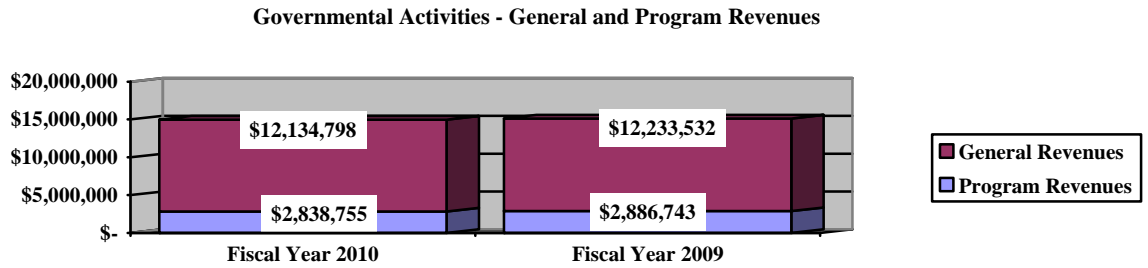
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program expenses:				
Instruction:				
Regular	\$ 1,928,264	\$ 1,861,665	\$ 1,538,362	\$ 1,538,362
Special	627,965	627,965	5,615	5,615
Vocational	5,366,932	3,731,698	6,043,307	4,298,492
Adult/continuing	392,665	152,754	423,783	171,845
Support services:				
Pupil	1,371,321	1,259,789	1,259,352	1,119,584
Instructional staff	460,478	361,554	442,971	335,556
Board of education	68,604	68,604	66,168	66,168
Administration	2,077,315	2,025,301	1,797,445	1,777,593
Fiscal	549,033	549,033	530,418	530,418
Business	41,286	41,286	39,693	39,693
Operations and maintenance	1,211,600	1,013,610	1,136,983	939,150
Pupil transportation	199,692	150,680	76,679	76,679
Central	137,094	136,249	219,513	137,915
Operation of non-instructional services:				
Other non-instructional services	5,439	5,439	1,869	1,869
Food service operations	370,496	(16,198)	359,814	16,290
Extracurricular activities	107,869	107,869	90,962	90,962
Interest and fiscal charges	276,181	276,181	282,927	282,927
<b>Total expenses</b>	<b><u>\$ 15,192,234</u></b>	<b><u>\$ 12,353,479</u></b>	<b><u>\$ 14,315,861</u></b>	<b><u>\$ 11,429,118</u></b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
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The dependence upon tax revenues and grants and entitlements during fiscal year 2010 for governmental activities is apparent, 76.65% of 2009 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 81.31% in 2010. The Center's taxpayers and unrestricted grants and entitlements are by far the primary support for Center's students.

The graph below presents the Center's governmental activities revenue for fiscal years 2010 and 2009.



**Business-Type Activities**

The Center's business-type activities consist of the adult education program. This program had revenues of \$2,360,976 and expenses of \$2,396,676 for fiscal year 2010. 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 \$9,761,670, which is \$78,282 lower than last year's total of \$9,839,952. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Increase/ (Decrease)
General	\$ 8,901,426	\$ 9,177,643	\$ (276,217)
Other Governmental	860,244	662,309	197,935
<b>Total</b>	<u>\$ 9,761,670</u>	<u>\$ 9,839,952</u>	<u>\$ (78,282)</u>

The increase in other governmental funds and the decrease in the general fund is due primarily to a transfer of \$300,000 from the general fund to the permanent improvement fund (a nonmajor governmental fund).

**General Fund**

The Center's general fund's fund balance decreased by \$276,217.

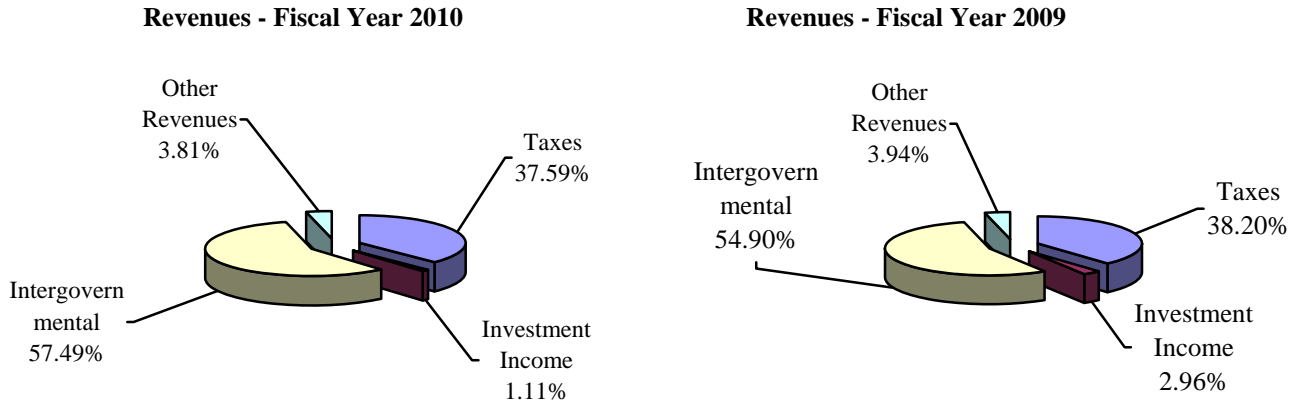
**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

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

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 5,024,041	\$ 5,185,679	\$ (161,638)	(3.12) %
Earnings on investments	148,348	401,649	(253,301)	(63.07) %
Intergovernmental	7,685,758	7,452,967	232,791	3.12 %
Other revenues	<u>508,981</u>	<u>534,706</u>	<u>(25,725)</u>	(4.81) %
Total	<u>\$ 13,367,128</u>	<u>\$ 13,575,001</u>	<u>\$ (207,873)</u>	(1.53) %

Revenues of the general fund decreased \$207,873 or 1.53%. Tax revenue decreased \$161,638 or 3.12% which is primarily the result of a decrease of approximately \$211,000 in personal property tax receipts which are being phased out. Intergovernmental revenues increased \$232,791 or 3.12%. This increase is due mainly to an increase in tangible personal property tax loss reimbursement. Earnings on investments decreased \$253,301 due to a decrease in interest rates earned on investments.



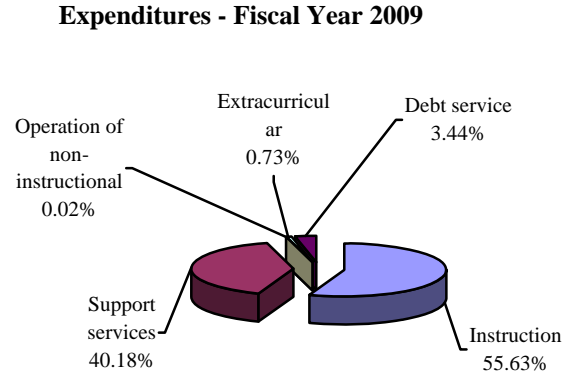
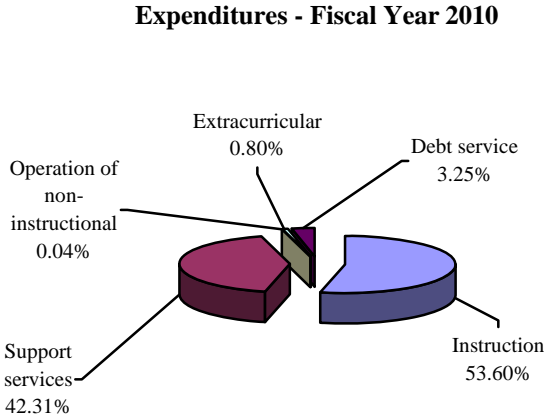
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 7,039,471	\$ 6,904,645	\$ 134,826	1.95 %
Support services	5,556,954	4,986,614	570,340	11.44 %
Operation of non-instructional services	5,439	1,869	3,570	191.01 %
Extracurricular activities	104,841	91,006	13,835	15.20 %
Debt service	<u>427,181</u>	<u>426,927</u>	<u>254</u>	0.06 %
Total	<u>\$ 13,133,886</u>	<u>\$ 12,411,061</u>	<u>\$ 722,825</u>	5.82 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

Expenditures of the general fund increased \$722,825 or 5.82%. The most significant increase was in the area of support services. Support services increased \$570,340 or 11.44% due to increases in administration and pupil transportation expenditures.



**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 2010 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 \$13,487,440, which was lower than original budget estimates of \$13,977,255. Actual budget basis revenues and other financing sources of \$13,543,933 were \$56,493 higher than the final budget.

General fund original appropriations (expenditures plus other financing uses) of \$13,734,121 were increased to \$13,781,005 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$13,364,131, which was \$416,874 less than the final budget appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2010, the Center had \$9,297,567 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$9,210,057 was reported in governmental activities and \$87,510 was reported in business-type activities.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

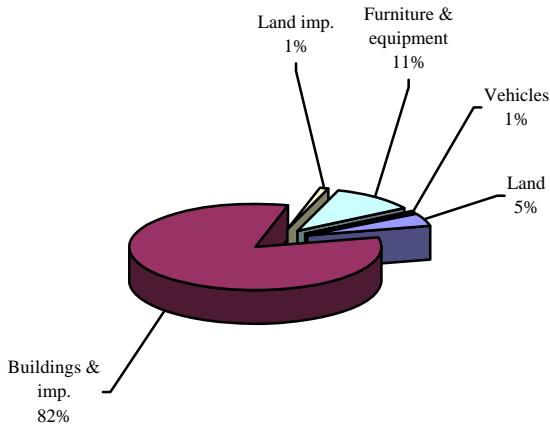
The following table shows June 30, 2010 balances compared to June 30, 2009:

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

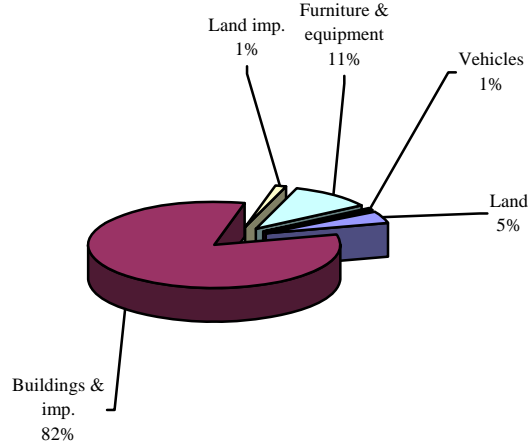
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 432,770	\$ 432,770	\$ -	\$ -	\$ 432,770	\$ 432,770
Land improvements	87,952	117,326	-	-	87,952	117,326
Building and improvements	7,635,941	7,869,630	-	-	7,635,941	7,869,630
Furniture and equipment	990,854	1,006,921	87,510	91,175	1,078,364	1,098,096
Vehicles	62,540	85,081	-	-	62,540	85,081
<b>Total</b>	<b>\$ 9,210,057</b>	<b>\$ 9,511,728</b>	<b>\$ 87,510</b>	<b>\$ 91,175</b>	<b>\$ 9,297,567</b>	<b>\$ 9,602,903</b>

The following graphs show the breakdown of governmental activities capital assets by category for 2010 and 2009.

**Capital Assets - Governmental Activities  
2010**



**Capital Assets - Governmental Activities  
2009**



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

***Debt Administration***

At June 30, 2010, the Center had an outstanding lease purchase agreement of \$5,744,000. Of the balance, \$158,000 is due within one year and \$5,586,000 is due in more than one year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

The following table shows the June 30, 2010 balance compared to June 30, 2009:

**Outstanding Debt, at Year End**

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
OASBO Lease Purchase Agreement	\$ 5,744,000	\$ 5,895,000
Total	<u>\$ 5,744,000</u>	<u>\$ 5,895,000</u>

At June 30, 2010 the Center's overall legal debt margin was \$256,519,333 with an unvoted debt margin of \$2,850,215.

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 2010 through fiscal year 2013 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 36.00% 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.

The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. School funding beyond fiscal year 2011 will be set as part of the State's biennial budget for fiscal years 2012 and 2013. Due to the economic conditions within the State and the anticipated short fall in tax revenues in the next bi-annual budget, the level at which the State will fund schools is uncertain. If the State decreases funding for schools in fiscal years 2012 and 2013 and the same level conditions through fiscal year 2015, the decrease will have a material effect on the Center's forecast. For purposes of forecasting, a 5.00% decrease has been shown in State funding for each of the fiscal years 2012 through 2015. The dollar amount is a minus \$298,886 per year from the current 2011 projection.

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

**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.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 11,220,432	\$ 20,133	\$ 11,240,565
Receivables:			
Property taxes . . . . .	6,400,182	-	6,400,182
Accounts . . . . .	1,531	18,990	20,521
Accrued interest . . . . .	42,132	-	42,132
Intergovernmental . . . . .	112,342	28,880	141,222
Internal balances . . . . .	94,184	(94,184)	-
Prepayments . . . . .	29,809	11,275	41,084
Materials and supplies inventory . . . . .	9,223	-	9,223
Capital assets:			
Land . . . . .	432,770	-	432,770
Depreciable capital assets, net . . . . .	8,777,287	87,510	8,864,797
Capital assets, net . . . . .	<u>9,210,057</u>	<u>87,510</u>	<u>9,297,567</u>
 Total assets . . . . .	 <u>27,119,892</u>	 <u>72,604</u>	 <u>27,192,496</u>
 <b>Liabilities:</b>			
Accounts payable . . . . .	87,167	6,914	94,081
Accrued wages and benefits . . . . .	1,276,059	26,663	1,302,722
Pension obligation payable . . . . .	194,068	3,733	197,801
Intergovernmental payable . . . . .	71,844	899	72,743
Unearned revenue . . . . .	4,843,088	-	4,843,088
Claims payable . . . . .	744	-	744
Long-term liabilities:			
Due within one year . . . . .	489,771	42,370	532,141
Due within more than one year . . . . .	6,923,026	67,426	6,990,452
 Total liabilities . . . . .	 <u>13,885,767</u>	 <u>148,005</u>	 <u>14,033,772</u>
 <b>Net Assets:</b>			
Invested in capital assets, net of related debt . . . . .	3,466,057	87,510	3,553,567
Restricted for:			
Capital projects . . . . .	788,917	-	788,917
Federally funded programs . . . . .	6,506	-	6,506
Public school support . . . . .	15,274	-	15,274
Other purposes . . . . .	50,121	-	50,121
Unrestricted (deficit) . . . . .	<u>8,907,250</u>	<u>(162,911)</u>	<u>8,744,339</u>
 Total net assets (deficit) . . . . .	 <u>\$ 13,234,125</u>	 <u>\$ (75,401)</u>	 <u>\$ 13,158,724</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, 2010

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental activities:</b>			
Instruction:			
Regular . . . . .	\$ 1,928,264	\$ -	\$ 66,599
Special . . . . .	627,965	-	-
Vocational . . . . .	5,366,932	210,109	1,425,125
Adult/continuing. . . . .	392,665	-	239,911
Support services:			
Pupil. . . . .	1,371,321	-	111,532
Instructional staff . . . . .	460,478	-	98,924
Board of education . . . . .	68,604	-	-
Administration. . . . .	2,077,315	-	52,014
Fiscal. . . . .	549,033	-	-
Business. . . . .	41,286	-	-
Operations and maintenance . . . . .	1,211,600	197,990	-
Pupil transportation. . . . .	199,692	-	49,012
Central . . . . .	137,094	845	-
Operation of non-instructional services:			
Other non-instructional services . . . . .	5,439	-	-
Food service operations . . . . .	370,496	208,225	178,469
Extracurricular activities. . . . .	107,869	-	-
Interest and fiscal charges . . . . .	276,181	-	-
Total governmental activities . . . . .	15,192,234	617,169	2,221,586
<b>Business-type activities:</b>			
Adult education . . . . .	2,396,676	2,076,065	241,523
Total business-type activities . . . . .	2,396,676	2,076,065	241,523
Totals . . . . .	\$ 17,588,910	\$ 2,693,234	\$ 2,463,109

**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 . . . . .

**Net assets (deficit) at beginning of year. . .**

**Net assets (deficit) at end of year. . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,861,665)	\$ -	\$ (1,861,665)
(627,965)	-	(627,965)
(3,731,698)	-	(3,731,698)
(152,754)	-	(152,754)
(1,259,789)	-	(1,259,789)
(361,554)	-	(361,554)
(68,604)	-	(68,604)
(2,025,301)	-	(2,025,301)
(549,033)	-	(549,033)
(41,286)	-	(41,286)
(1,013,610)	-	(1,013,610)
(150,680)	-	(150,680)
(136,249)	-	(136,249)
(5,439)	-	(5,439)
16,198	-	16,198
(107,869)	-	(107,869)
(276,181)	-	(276,181)
(12,353,479)	-	(12,353,479)
-	(79,088)	(79,088)
-	(79,088)	(79,088)
(12,353,479)	(79,088)	(12,432,567)
5,197,965	-	5,197,965
6,744,111	-	6,744,111
91,840	-	91,840
100,882	43,388	144,270
12,134,798	43,388	12,178,186
(24,459)	24,459	-
12,110,339	67,847	12,178,186
(243,140)	(11,241)	(254,381)
13,477,265	(64,160)	13,413,105
\$ 13,234,125	\$ (75,401)	\$ 13,158,724

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 10,110,268	\$ 1,089,249	\$ 11,199,517
Receivables:			
Property taxes . . . . .	6,400,182	-	6,400,182
Accounts . . . . .	1,531	-	1,531
Accrued interest . . . . .	42,132	-	42,132
Interfund loans . . . . .	88,724	-	88,724
Intergovernmental . . . . .	63,840	48,502	112,342
Due from other funds . . . . .	10,564	-	10,564
Prepayments . . . . .	28,686	1,123	29,809
Materials and supplies inventory . . . . .	-	9,223	9,223
Total assets . . . . .	\$ 16,745,927	\$ 1,148,097	\$ 17,894,024
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 77,049	\$ 10,118	\$ 87,167
Accrued wages and benefits . . . . .	1,174,216	101,843	1,276,059
Compensated absences payable . . . . .	17,379	157,037	174,416
Pension obligation payable . . . . .	181,142	12,926	194,068
Intergovernmental payable . . . . .	70,691	1,153	71,844
Due to other funds . . . . .	-	4,776	4,776
Deferred revenue . . . . .	1,480,936	-	1,480,936
Unearned revenue . . . . .	4,843,088	-	4,843,088
Total liabilities . . . . .	7,844,501	287,853	8,132,354
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	16,915	67,984	84,899
Reserved for supplies inventory . . . . .	-	9,223	9,223
Reserved for prepayments . . . . .	28,686	1,123	29,809
Reserved for property tax revenue unavailable for appropriation . . . . .	87,442	-	87,442
Unreserved, undesignated, reported in:			
General fund . . . . .	8,768,383	-	8,768,383
Special revenue funds . . . . .	-	60,356	60,356
Capital projects fund . . . . .	-	721,558	721,558
Total fund balances . . . . .	8,901,426	860,244	9,761,670
Total liabilities and fund balances . . . . .	\$ 16,745,927	\$ 1,148,097	\$ 17,894,024

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, 2010

<b>Total governmental fund balances</b>		\$	9,761,670
<i>Amounts reported for governmental activities on 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.			9,210,057
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	1,469,652	
Accrued interest receivable		11,284	
Total			1,480,936
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 in the statement of net assets. The net assets of the internal service fund, excluding internal balance of (\$328):			19,843
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,494,381)	
OASBO lease purchase		(5,744,000)	
Total			(7,238,381)
<b>Net assets of governmental activities</b>		\$	<u>13,234,125</u>

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, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 5,024,041	\$ -	\$ 5,024,041
Earnings on investments . . . . .	148,348	39	148,387
Charges for services . . . . .	-	208,225	208,225
Extracurricular . . . . .	-	845	845
Classroom materials and fees . . . . .	87,998	-	87,998
Rental income . . . . .	197,990	-	197,990
Contributions and donations . . . . .	-	600	600
Contract services . . . . .	122,111	-	122,111
Other local revenues . . . . .	100,882	-	100,882
Intergovernmental - intermediate . . . . .	1,000	-	1,000
Intergovernmental - state . . . . .	7,621,918	14,761	7,636,679
Intergovernmental - federal . . . . .	62,840	1,340,082	1,402,922
Total revenues . . . . .	<u>13,367,128</u>	<u>1,564,552</u>	<u>14,931,680</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	1,788,863	70,494	1,859,357
Special . . . . .	627,303	-	627,303
Vocational . . . . .	4,623,305	639,493	5,262,798
Adult/continuing . . . . .	-	235,291	235,291
Support services:			
Pupil . . . . .	1,131,407	203,015	1,334,422
Instructional staff . . . . .	369,524	97,114	466,638
Board of education . . . . .	68,064	-	68,064
Administration . . . . .	2,022,344	86,968	2,109,312
Fiscal . . . . .	549,747	-	549,747
Business . . . . .	41,286	-	41,286
Operations and maintenance . . . . .	1,126,929	66,208	1,193,137
Pupil transportation . . . . .	172,891	-	172,891
Central . . . . .	74,762	62,332	137,094
Operation of non-instructional services:			
Other non-instructional services . . . . .	5,439	-	5,439
Food service operations . . . . .	-	364,046	364,046
Extracurricular activities . . . . .	104,841	-	104,841
Facilities acquisition and construction . . . . .	-	26,656	26,656
Debt service:			
Principal retirement . . . . .	151,000	-	151,000
Interest and fiscal charges . . . . .	276,181	-	276,181
Total expenditures . . . . .	<u>13,133,886</u>	<u>1,851,617</u>	<u>14,985,503</u>
Excess/deficiency of revenues over/under expenditures . . . . .	<u>233,242</u>	<u>(287,065)</u>	<u>(53,823)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	485,000	485,000
Transfers (out) . . . . .	(509,459)	-	(509,459)
Total other financing sources (uses) . . . . .	<u>(509,459)</u>	<u>485,000</u>	<u>(24,459)</u>
Net change in fund balances . . . . .	(276,217)	197,935	(78,282)
<b>Fund balances at beginning of year . . . . .</b>	<u>9,177,643</u>	<u>662,309</u>	<u>9,839,952</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 8,901,426</u>	<u>\$ 860,244</u>	<u>\$ 9,761,670</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, 2010

<b>Net change in fund balances - total governmental funds</b>	\$	(78,282)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital asset additions	\$ 138,973	
Current year depreciation	<u>(435,293)</u>	
Total		(296,320)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(5,351)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	173,924	
Earnings on investments	(56,508)	
Intergovernmental revenue	<u>(75,543)</u>	
Total		41,873
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		151,000
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(60,303)
An internal service fund used by management to charge the costs of vision insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance activity of \$351 is allocated among the governmental activities.		
		<u>4,243</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>(243,140)</u></b>

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, 2010

	<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:				
Property taxes . . . . .	\$ 5,154,748	\$ 4,969,591	\$ 4,969,591	\$ -
Earnings on investments . . . . .	230,442	222,165	222,153	(12)
Classroom materials and fees . . . . .	91,277	87,998	87,998	-
Rental income . . . . .	205,367	197,990	197,990	-
Contract services. . . . .	122,111	122,111	122,111	-
Other local revenues . . . . .	48,998	47,238	103,506	56,268
Intergovernmental - state . . . . .	7,905,506	7,621,543	7,621,543	-
Total revenues . . . . .	<u>13,758,449</u>	<u>13,268,636</u>	<u>13,324,892</u>	<u>56,256</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,676,787	1,698,725	1,695,138	3,587
Special. . . . .	535,373	536,474	535,254	1,220
Vocational. . . . .	4,940,716	4,749,465	4,583,100	166,365
Support services:				
Pupil. . . . .	1,087,060	1,089,510	1,086,532	2,978
Instructional staff . . . . .	369,847	373,077	364,612	8,465
Board of education . . . . .	68,546	70,296	68,232	2,064
Administration. . . . .	1,846,001	1,939,690	1,913,581	26,109
Fiscal . . . . .	580,438	560,301	540,382	19,919
Business . . . . .	41,472	44,231	41,409	2,822
Operations and maintenance. . . . .	1,216,480	1,240,480	1,109,782	130,698
Pupil transportation . . . . .	195,394	195,394	172,594	22,800
Central. . . . .	83,586	83,586	74,762	8,824
Operation of non-instructional services . . . . .	1,943	6,943	5,439	1,504
Extracurricular activities. . . . .	81,632	99,780	106,458	(6,678)
Debt service:				
Principal . . . . .	151,200	151,000	151,000	-
Interest and fiscal charges. . . . .	298,162	276,181	276,181	-
Total expenditures . . . . .	<u>13,174,637</u>	<u>13,115,133</u>	<u>12,724,456</u>	<u>390,677</u>
Excess of revenues over expenditures. . . . .	<u>583,812</u>	<u>153,503</u>	<u>600,436</u>	<u>446,933</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	11,042	11,040	11,277	237
Transfers (out). . . . .	(524,738)	(561,872)	(509,459)	52,413
Advances in. . . . .	207,764	207,764	207,764	-
Advances (out) . . . . .	(34,746)	(104,000)	(88,724)	15,276
Miscellaneous (uses) . . . . .	-	-	(41,492)	(41,492)
Total other financing sources (uses) . . . . .	<u>(340,678)</u>	<u>(447,068)</u>	<u>(420,634)</u>	<u>26,434</u>
Net change in fund balance . . . . .	243,134	(293,565)	179,802	473,367
<b>Fund balance at beginning of year . . . . .</b>	<b>9,763,973</b>	<b>9,763,973</b>	<b>9,763,973</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>62,372</b>	<b>62,372</b>	<b>62,372</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 10,069,479</b>	<b>\$ 9,532,780</b>	<b>\$ 10,006,147</b>	<b>\$ 473,367</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	<b>Business-Type Activities - Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and investments . . . . .	\$ 20,133	\$ 20,915
Receivables:		
Accounts . . . . .	18,990	-
Intergovernmental . . . . .	28,880	-
Prepayments . . . . .	11,275	-
Total current assets . . . . .	79,278	20,915
Noncurrent assets:		
Depreciable capital assets, net . . . . .	87,510	-
Total assets . . . . .	166,788	20,915
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable . . . . .	6,914	-
Accrued wages and benefits . . . . .	26,663	-
Compensated absences . . . . .	42,370	-
Pension obligation payable . . . . .	3,733	-
Interfund loan payable . . . . .	88,724	-
Intergovernmental payable . . . . .	899	-
Claims payable . . . . .	-	744
Due to other funds . . . . .	5,788	-
Total current liabilities . . . . .	175,091	744
Long-term liabilities:		
Compensated absences payable . . . . .	67,426	-
Total long-term liabilities . . . . .	67,426	-
Total liabilities . . . . .	242,517	744
<b>Net assets:</b>		
Invested in capital assets . . . . .	87,510	-
Unrestricted (deficit) . . . . .	(163,239)	20,171
Total net assets (deficit) . . . . .	(75,729)	\$ 20,171
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.		
	328	
Net assets (deficit) of business-type activities	\$ (75,401)	

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, 2010

	<b>Business-Type Activities - Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>		
Tuition and fees . . . . .	\$ 2,076,065	\$ -
Sales/charges for services . . . . .	-	26,082
Other . . . . .	43,388	-
Total operating revenues . . . . .	2,119,453	26,082
<b>Operating expenses:</b>		
Personal services . . . . .	1,595,643	-
Purchased services . . . . .	354,029	-
Materials and supplies . . . . .	355,462	-
Other . . . . .	82,133	-
Claims . . . . .	-	22,190
Depreciation . . . . .	8,877	-
Total operating expenses . . . . .	2,396,144	22,190
Operating income (loss) . . . . .	(276,691)	3,892
<b>Nonoperating revenues (expenses):</b>		
Grants and subsidies . . . . .	241,523	-
Loss on disposal of capital assets . . . . .	(181)	-
Total nonoperating revenues (expenses) . . . . .	241,342	-
Income (loss) before transfers . . . . .	(35,349)	3,892
Transfer in . . . . .	24,459	-
Change in net assets . . . . .	(10,890)	3,892
<b>Net assets (deficit) at beginning of year . . . . .</b>	<b>(64,839)</b>	<b>16,279</b>
<b>Net assets (deficit) at end of year . . . . .</b>	<b>\$ (75,729)</b>	<b>\$ 20,171</b>
Change in net assets	\$ (10,890)	
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.	(351)	
Net change in assets (deficit) of business-type activities	\$ (11,241)	

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, 2010

	<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 . . . . .	\$ 2,156,533	\$ -
Cash received from sales/charges for services. . . . .	-	26,082
Cash received from other operations . . . . .	43,388	-
Cash payments for personal services. . . . .	(1,580,555)	-
Cash payments for purchased services . . . . .	(348,047)	-
Cash payments for materials and supplies . . . . .	(354,810)	-
Cash payments for claims . . . . .	-	(23,789)
Cash payments for other expenses . . . . .	(82,133)	-
Net cash provided by (used in) operating activities . . . . .	(165,624)	2,293
<b>Cash flows from noncapital financing activities:</b>		
Cash received from grants and subsidies. . . . .	241,523	-
Cash received from transfers in . . . . .	24,459	-
Cash received from interfund loans . . . . .	88,724	-
Cash used in repayment of interfund loans. . . . .	(181,459)	-
Net cash provided by noncapital financing activities. . . . .	173,247	-
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets . . . . .	(5,393)	-
Net cash used in capital and related financing activities. . . . .	(5,393)	-
Net increase in cash and cash equivalents . . . . .	2,230	2,293
<b>Cash and investments at beginning of year . . .</b>	<b>17,903</b>	<b>18,622</b>
<b>Cash and investments at end of year . . . . .</b>	<b>\$ 20,133</b>	<b>\$ 20,915</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss) . . . . .	\$ (276,691)	\$ 3,892
Adjustments:		
Depreciation. . . . .	8,877	-
Changes in assets and liabilities:		
Decrease in accounts receivable. . . . .	59,382	-
Decrease in intergovernmental receivable. . . . .	21,086	-
(Increase) in prepayments . . . . .	(3,179)	-
Increase in accounts payable . . . . .	6,634	-
Increase in accrued wages and benefits . . . . .	23,493	-
(Decrease) in intergovernmental payable. . . . .	(552)	-
(Decrease) in compensated absences payable. . . . .	(10,604)	-
Increase in pension obligation payable. . . . .	2,264	-
Increase in due to other funds . . . . .	3,666	-
(Decrease) in claims payable . . . . .	-	(1,599)
Net cash provided by (used in) operating activities. . .	\$ (165,624)	\$ 2,293

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, 2010

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 31,109	\$ 86,083
Total assets. . . . .	<u>31,109</u>	<u>\$ 86,083</u>
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 86,083
Total liabilities . . . . .	<u>-</u>	<u>\$ 86,083</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>31,109</u>	
Total net assets . . . . .	<u>\$ 31,109</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 98
Gifts and contributions. . . . .	6,419
Total additions. . . . .	6,517
<b>Deductions:</b>	
Scholarships awarded . . . . .	5,630
Change in net assets. . . . .	887
<b>Net assets at beginning of year . . . . .</b>	<b>30,222</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 31,109</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, 2010

**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 mil 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 36 non-certified and 116 certified employees to provide services to approximately 930 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 and component units. 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 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, 2010

**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 budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the Center has no component units. The basic 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 (GRP) 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 GRP. Each year, the participating school districts pay an enrollment fee to the GRP 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, 2010

**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 fifteen 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) 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The following are the Center's proprietary funds:

*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 Center, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

*Fund Financial Statements* - Fund financial statements report detailed information about the Center. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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, 2010, but which were levied to finance fiscal year 2011 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 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 entitlement 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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 except agency funds. The specific timetable for fiscal year 2010 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 purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
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 July 1, 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 of estimated resources issued for fiscal year 2010.
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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 year 2010. 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.

**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 investments" on the financial statements.

During fiscal year 2010, investments were limited to no-load money market mutual funds, federal agency securities, non-negotiable certificates of deposit, negotiable certificates of deposit 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. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

The Center has invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

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 year 2010 amounted to \$148,348 which includes \$14,848 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.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded 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.

**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 disposals 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 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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**I. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans 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 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.

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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave 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 sick leave 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 sick leave payments has been calculated using pay rates in effect at June 30, 2010 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**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 and compensated absences 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.

**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, 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 the food service fund (a nonmajor governmental fund), the special trust fund (a nonmajor governmental fund) and the termination benefits fund (a nonmajor governmental fund).

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. Interfund Activity**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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.

**Q. 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 year 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the Center has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the Center.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the Center.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the Center.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances/Net Assets**

Fund balances/net assets at June 30, 2010, included the following individual deficits:

<u>Major fund</u>	<u>Deficit</u>
Adult education	\$ 75,729
<u>Nonmajor funds</u>	
Carl D. Perkins	22,626
Drug-free schools grant	6

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 balance in the Drug-Free Schools fund result from adjustments for accrued liabilities. The deficit fund balances in the Adult Education fund and the Carl D. Perkins fund result from both adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

**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;
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;

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

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 fiscal 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 investments".

**B. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all the Center's deposits was \$2,650,903. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$1,602,763 of the Center's bank balance of \$2,702,287 was exposed to custodial risk as discussed below, while \$1,099,524 was covered by the FDIC.

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

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. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2010, 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
FFCB	\$ 499,845	\$ -	\$ 499,845	\$ -	\$ -
FHLB	3,687,952	1,137,856	600,000	1,575,096	375,000
FHLB discount note	189,335	-	189,335	-	-
FNMA	200,280	-	-	-	200,280
FNMA discount note	249,450	-	249,450	-	-
FHLMC	250,040	-	-	-	250,040
FHLMC discount note	129,454	-	129,454	-	-
Negotiable cd's	3,418,311	2,023,516	696,906	697,889	-
STAR Ohio	77,574	77,574	-	-	-
U.S. Government money market	4,113	4,113	-	-	-
Total	<u>\$ 8,706,354</u>	<u>\$ 3,243,059</u>	<u>\$ 2,364,990</u>	<u>\$ 2,272,985</u>	<u>\$ 825,320</u>

*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 and the U.S. Government money market, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating.

*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.

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

*Concentration of Credit Risk:* The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FFCB	\$ 499,845	5.74
FHLB	3,687,952	42.36
FHLB discount notes	189,335	2.17
FNMA	200,280	2.30
FNMA discount notes	249,450	2.87
FHLMC	250,040	2.87
FHLMC discount notes	129,454	1.49
Negotiable cd's	3,418,311	39.26
STAR Ohio	77,574	0.89
U.S. Government money market	4,113	0.05
Total	<u>\$ 8,706,354</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 note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,650,903
Investments	8,706,354
Cash on hand	<u>500</u>
Total	<u>\$ 11,357,757</u>

<u>Cash and cash equivalents per statement of net assets</u>	
Governmental activities	\$ 11,220,432
Business type activities	20,133
Private-purpose trust fund	31,109
Agency funds	<u>86,083</u>
Total	<u>\$ 11,357,757</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A.** Interfund loans receivable/payable consisted of the following at June 30, 2010, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Adult education fund	\$ <u>88,724</u>
Total interfund loans		\$ <u>88,724</u>



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**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

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, 2010, as reported on the fund statement:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 4,776
General fund	Adult education fund	<u>5,788</u>
Total due to/from other funds		<u>\$ 10,564</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 and to cover negative cash balances in specific funds where revenues were not received by June 30.

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, 2010, consisted of the following, as reported on the fund statements:**

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 485,000
Adult education fund	<u>24,459</u>
Total transfers in/out	<u>\$ 509,459</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 business-type activities appear as transfers on the statement of activities.

All transfers made during the fiscal year 2010 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**TRUMBULL CAREER AND TECHNICAL CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the Center 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 property, public utility property, and certain tangible personal (used in business) property located in the Center. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Center prior to June 30.

The Center receives property taxes from Trumbull County. The County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$87,442 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$32,992 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,739,081,060	96.08	\$ 2,750,567,960	96.36
Public utility personal	102,753,110	3.60	99,689,600	3.49
Tangible personal property	<u>8,929,160</u>	<u>0.32</u>	<u>4,299,645</u>	<u>0.15</u>
Total	<u>\$ 2,850,763,330</u>	<u>100.00</u>	<u>\$ 2,854,557,205</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.40		\$2.40	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010 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	\$ 6,400,182
Accounts	1,531
Intergovernmental	112,342
Accrued interest	<u>42,132</u>
Total governmental receivables	<u>\$ 6,556,187</u>
<b>Business-type activities:</b>	
Accounts	\$ 18,990
Intergovernmental	<u>28,880</u>
Total business-type receivables	<u>\$ 47,870</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 8 - CAPITAL ASSETS**

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2010</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 432,770	\$ -	\$ -	\$ 432,770
Total capital assets, not being depreciated	<u>432,770</u>	<u>-</u>	<u>-</u>	<u>432,770</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	642,348	-	-	642,348
Buildings and improvements	20,493,887	-	-	20,493,887
Furniture and equipment	2,928,689	138,973	(14,974)	3,052,688
Vehicles	295,400	-	-	295,400
Total capital assets, being depreciated	<u>24,360,324</u>	<u>138,973</u>	<u>(14,974)</u>	<u>24,484,323</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(525,022)	(29,374)	-	(554,396)
Buildings and improvements	(12,624,257)	(233,689)	-	(12,857,946)
Furniture and equipment	(1,921,768)	(149,689)	9,623	(2,061,834)
Vehicles	(210,319)	(22,541)	-	(232,860)
Total accumulated depreciated	<u>(15,281,366)</u>	<u>(435,293)</u>	<u>9,623</u>	<u>(15,707,036)</u>
Governmental activities capital assets, net	<u>\$ 9,511,728</u>	<u>\$ (296,320)</u>	<u>\$ (5,351)</u>	<u>\$ 9,210,057</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 5,809
Special	851
Vocational	220,071
Adult education	157,374
Support services:	
Pupil	1,186
Instructional staff	333
Board of education	540
Administration	4,130
Fiscal	1,929
Operations and maintenance	13,197
Pupil transportation	26,801
Food service operations	<u>3,072</u>
Total depreciation expense	<u>\$ 435,293</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**B.** Business-type activities capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Business-type activities</b>				
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures & equipment	\$ 243,661	\$ 5,393	\$ (9,170)	\$ 239,884
<i>Less: accumulated depreciation</i>				
Furniture, fixtures & equipment	<u>(152,486)</u>	<u>(8,877)</u>	<u>8,989</u>	<u>(152,374)</u>
Business-type activities capital assets, net	<u>\$ 91,175</u>	<u>\$ (3,484)</u>	<u>\$ (181)</u>	<u>\$ 87,510</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

**A.** During the fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences payable	\$ 1,506,642	\$ 395,393	\$ (233,238)	\$ 1,668,797	\$ 331,771
OASBO lease-purchase	<u>5,895,000</u>	<u>-</u>	<u>(151,000)</u>	<u>5,744,000</u>	<u>158,000</u>
Total governmental activities long-term liabilities	<u>\$ 7,401,642</u>	<u>\$ 395,393</u>	<u>\$ (384,238)</u>	<u>\$ 7,412,797</u>	<u>\$ 489,771</u>
<b>Business-type activities:</b>					
Compensated absences	<u>\$ 120,400</u>	<u>\$ 42,370</u>	<u>\$ (52,974)</u>	<u>\$ 109,796</u>	<u>\$ 42,370</u>
Total business-type long-term liabilities	<u>\$ 120,400</u>	<u>\$ 42,370</u>	<u>\$ (52,974)</u>	<u>\$ 109,796</u>	<u>\$ 42,370</u>

*Compensated absences:* Compensated absences of the governmental activities will be paid from the severance and retirement fund (a nonmajor governmental fund). Compensated absences of the business-type activities will be paid from the adult education fund.

*OASBO Lease-Purchase Agreement:* During fiscal year 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, 2010, the Center had outstanding borrowings of \$5,744,000.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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
2011	\$ 158,000	\$ 269,106	\$ 427,106
2012	165,000	261,705	426,705
2013	172,000	253,974	425,974
2014	180,000	245,916	425,916
2015	188,000	237,483	425,483
2016 - 2020	1,078,000	1,046,815	2,124,815
2021 - 2025	1,344,000	770,401	2,114,401
2026 - 2030	1,677,000	425,913	2,102,913
2031 - 2032	782,000	55,377	837,377
Total	<u>\$ 5,744,000</u>	<u>\$ 3,566,690</u>	<u>\$ 9,310,690</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, 2010, are a voted debt margin of \$256,519,333 and an unvoted debt margin of \$2,850,215.

**NOTE 10 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

Sick Leave:

Each employee is entitled to fifteen days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Sick leave 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 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 days. In addition, employees with thirteen 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 days (1/3 of 195 days).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - EMPLOYEE BENEFITS - (Continued)**

Vacation Leave:

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Unused vacation shall be cumulative to a maximum of forty days. Each full time administrator who is required to work twelve months per year is entitled, after service of one calendar year, to twenty working days per year of vacation leave. The Treasurer and Superintendent can carryover fifty and sixty days, respectively.

**B. Early Retirement Incentive**

The Center provides an early retirement incentive plan for employees who are eligible for retirement under State Teachers Retirement System of Ohio (STRS Ohio) and School Employee Retirement System (SERS) guidelines and retire effective at the end of the fiscal year 2010 school year. STRS Ohio employees who enroll in the early retirement incentive plan will receive an \$18,000 payment in addition to their severance payment. SERS employees who enroll in the early retirement incentive plan will receive a \$9,000 payment in addition to their severance payment. 4 employees were owed an early retirement incentive payment at June 30, 2010.

**C. 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 \$200,000 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.

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**B. Employee Health and Dental Insurance**

The Center has elected to provide employee medical/surgical benefits through a consortium of school districts known as the Trumbull County Schools Employee Insurance Benefit Consortium Association (Note 2.A.). 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.

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 \$744 reported in the basic financial statements at June 30, 2010, 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>
2010	\$ 2,343	\$ 22,190	\$ (23,789)	\$ 744
2009	1,660	19,761	(19,078)	2,343

**C. Workers' Compensation Plan**

The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), a public entity risk pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. Participants of the GRP 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 GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.



**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - 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 2010, 12.78 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$255,400, \$166,101 and \$162,153, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

**B. State Teachers Retirement System of Ohio**

Plan Description - The Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - PENSION PLANS - (Continued)**

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

Funding Policy - For fiscal year 2010, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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 STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$981,247, \$979,607 and \$958,147, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$50,053 made by the Center and \$35,753 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The Center's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$36,688, \$111,508 and \$99,209, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$15,188, \$13,705 and \$11,684, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

**B. State Teachers Retirement System of Ohio**

Plan Description - The Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$75,481, \$75,354 and \$73,704, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 revenues, 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); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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	\$ 179,802
Net adjustment for revenue accruals	42,236
Net adjustment for expenditure accruals	(491,224)
Net adjustment for other sources/uses	(88,825)
Adjustment for encumbrances	81,794
GAAP basis	<u>\$ (276,217)</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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's 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.

**NOTE 16 - STATUTORY RESERVES**

The Center is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2009	\$ (618,161)	\$ (5,558,526)
Current year set-aside requirement	149,732	149,732
Current year offsets	-	(300,000)
Qualifying disbursements	<u>(145,134)</u>	<u>(171,012)</u>
Total	<u>\$ (613,563)</u>	<u>\$ (5,879,806)</u>
Balance carried forward to fiscal year 2011	<u>\$ (613,563)</u>	<u>\$ (5,558,526)</u>

The Center had qualifying disbursements during the year and prior years that reduced the set-aside amounts below zero for the textbooks/instructional materials. This negative amount is presented as being carried forward to the next fiscal year.

The Center had offsets (both current year and prior year) and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve. The negative amounts due to debt related capital acquisitions are being carried forward to the next fiscal year.

## **SUPPLEMENTARY DATA**

**TRUMBULL CAREER AND TECHNICAL CENTER  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>				
<i>Nutrition Grant Cluster:</i>				
(C)(D) School Breakfast Program	10.553	2010	\$ 33,707	\$ 33,707
(D)(E) National School Lunch Program - Food Donation	10.555	2010	11,173	11,173
(C)(D) National School Lunch Program	10.555	2010	130,075	130,075
<b>Total National School Lunch Program</b>			141,248	141,248
<i>Total Nutrition Grant Cluster</i>			174,955	174,955
<b>Total U.S. Department of Agriculture</b>			174,955	174,955
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A (DIRECT PROGRAMS):</b>				
<i>Student Financial Assistance Cluster:</i>				
(F) Federal Family Education Loans	84.032	N/A	1,051,831	1,036,962
(F) Federal Pell Grant Program	84.063	N/A	626,704	626,704
<i>Total Student Financial Assistance Cluster</i>			1,678,535	1,663,666
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>				
Adult Education - Basic Grants to States	84.002	2009	59,909	61,320
Adult Education - Basic Grants to States	84.002	2010	320,085	311,607
<b>Total Adult Education - Basic Grants to States</b>			379,994	372,927
Career and Technical Education - Basic Grants to States	84.048	2009	80,972	92,726
Career and Technical Education - Basic Grants to States	84.048	2010	578,181	553,181
Career and Technical Education - Basic Grants to States	84.048	2009	28,675	5,896
Career and Technical Education - Basic Grants to States	84.048	2010	51,451	64,901
Career and Technical Education - Basic Grants to States	84.048	2009	1,053	-
Career and Technical Education - Basic Grants to States	84.048	2010	2,499	2,499
<b>Total Career and Technical Education - Basic Grants to States</b>			742,831	719,203
Safe and Drug-Free Schools and Communities State Grants	84.186	2010	1,473	1,473
Improving Teacher Quality State Grants	84.367	2010	4,705	4,931
<b>Total U.S. Department of Education</b>			2,807,538	2,762,200
<b>Total Federal Financial Assistance</b>			\$ 2,982,493	\$ 2,937,155

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass through numbers for fiscal year 2010.
- (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) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (F) 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

To the Members of the Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Trumbull Career and Technical Center, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise Trumbull Career and Technical Center's basic financial statements and have issued our report thereon dated November 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trumbull Career and Technical Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of Trumbull Career and Technical Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Trumbull Career and Technical Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of Trumbull Career and Technical Center's financial statements will not be prevented, or detected and timely corrected.

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



Board of Education  
Trumbull Career and Technical Center

Compliance and Other Matters

As part of reasonably assuring whether Trumbull Career and Technical Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and Board of Education of Trumbull Career and Technical Center, federal awarding agencies and pass-through entities, and others within Trumbull Career and Technical Center. We intend it for no one other than these specified parties.

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

Julian & Grube, Inc.  
November 2, 2010



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

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

To the Members of the Board of Education:

Compliance

We have audited the compliance of Trumbull Career and Technical Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies Trumbull Career and Technical Center's major federal programs. Trumbull Career and Technical Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about Trumbull Career and Technical Center's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

Trumbull Career and Technical Center's management is responsible for establishing and maintaining effective internal control over compliance with the 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 requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Trumbull Career and Technical Center's internal control over compliance.

Board of Education  
Trumbull Career and Technical Center

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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.

We intend this report solely for the information and use of the management and Board of Education of Trumbull Career and Technical Center, federal awarding agencies and pass-through entities, and others within Trumbull Career and Technical Center. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the company.

Julian & Grube, Inc.  
November 2, 2010

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<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 significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<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 Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Adult Education - Basic Grants to States (CFDA #84.002) and Career and Technical 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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

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  
DECEMBER 28, 2010**