



Dave Yost • Auditor of State

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	15
Statement of Activities.....	16
Balance Sheet – Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	22
Statement of Net Assets – Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Assets – Fiduciary Funds.....	26
Notes to the Basic Financial Statements	27
Federal Awards Receipts and Expenditures Schedule.....	55
Notes to the Federal Awards Receipts and Expenditures Schedule	56
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	59
Schedule of Findings – OMB Circular A-133 § .505	61
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	63

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2011, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the Center adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information 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. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 18, 2012

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

The discussion and analysis of the Tri-County Career Center's (the "Center") financial performance provides an overview and analysis of the Center's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Center's financial performance.

Financial Highlights

- Total assets of the Center exceeded its liabilities at June 30, 2011 by \$5,252,302. This balance was comprised of a \$2,173,552 balance in amounts invested in capital assets and net asset amounts restricted for specific purposes, and \$3,078,750 in unrestricted net assets.
- In total, net assets of governmental activities increased by \$1,210,111, which represents a 33.08 percent decrease from 2010. Net assets of the business-type activities decreased \$127,944, which represents a 25.01 percent decrease from 2010.
- General revenues accounted for \$8,127,762 or 88.30 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,056,531 or 11.70 percent of total revenues of \$9,184,293 for the governmental activities.
- The Center had \$7,949,182 in expenses related to governmental activities; only \$1,056,531 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of \$8,127,762 and net assets carried over from prior year were used to provide for the remainder of these programs.
- The Center had \$1,193,534 in expenses related to business-type activities; 87.13 percent of these expenses were offset by program specific charges for services and sales, grants and contributions.
- The Center recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Center combined. The General Fund had \$7,643,295 in revenues and \$6,759,465 in expenditures in fiscal year 2011.
- The Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Center combined. The Adult Education Fund had \$744,194 in operating revenues and \$1,121,600 in operating expenses in fiscal year 2011.

Using this Annual Report

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

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

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Reporting the Center as a Whole

Government-Wide Financial Statements

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

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

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

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

Governmental Activities

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

Business-Type Activities

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

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Government-Wide Financial Analysis

Recall that the statement of net assets provides the perspective of the Center as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the Center's net assets for 2011 compared to fiscal year 2010:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<u>Assets:</u>						
Current and Other Assets	\$7,482,266	\$6,712,808	\$323,836	\$412,430	\$7,806,102	\$7,125,238
Capital Assets, Net	1,395,793	1,629,524	111,350	126,193	1,507,143	1,755,717
<i>Total Assets</i>	8,878,059	8,342,332	435,186	538,623	9,313,245	8,880,955
<u>Liabilities:</u>						
Long-Term Liabilities	563,424	793,045	5,878	5,720	569,302	798,765
Other Liabilities	3,445,881	3,893,233	45,760	21,411	3,491,641	3,914,644
<i>Total Liabilities</i>	4,009,305	4,686,278	51,638	27,131	4,060,943	4,713,409
<u>Net Assets:</u>						
Invested in Capital Assets	1,395,793	1,629,524	111,350	126,193	1,507,143	1,755,717
Restricted	666,409	503,775	0	0	666,409	503,775
Unrestricted	2,806,552	1,522,755	272,198	385,299	3,078,750	1,908,054
<i>Total Net Assets</i>	<u>\$4,868,754</u>	<u>\$3,656,054</u>	<u>\$383,548</u>	<u>\$511,492</u>	<u>\$5,252,302</u>	<u>\$4,167,546</u>

Current and other assets increased \$680,864 or 9.56 percent from fiscal year 2010. This increase is mostly the result of an increase in cash and cash equivalents held by the District.

Capital assets decreased \$248,574 or 14.16 percent, the result of current year depreciation.

Long term liabilities decreased \$229,463 or 28.28 percent, due to a decrease in compensated absences payable.

Current (other) liabilities decreased \$423,003 due to a decrease in deferred revenue related to the property taxes receivable in governmental activities.

The net assets of the Center's business-type activities decreased \$127,944 or 25.01 percent. This change is mostly due to the adult education program.

For governmental activities, the Center's smallest portion of net assets of \$666,409 or 13.69 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

The largest portion of net assets for governmental activities is unrestricted of \$2,806,552 or 57.64 percent. These net assets represent resources that may be used to meet the Center's ongoing obligations to its students and creditors.

The next largest balance for governmental activities of \$1,395,793 or 28.67 percent is the net assets related to amounts invested in capital assets. The Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

Table 2 shows the changes in net assets for fiscal year 2011, and provides a comparison to fiscal year 2010.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	Restated 2010	2011	2010	2011	Restated 2010
<u>Revenues:</u>						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$41,096	\$35,549	\$805,430	\$821,665	\$846,526	\$857,214
Operating Grants and Contributions	1,015,435	797,453	234,501	227,383	1,249,936	1,024,836
<i>General Revenues:</i>						
Property Taxes	3,673,427	3,153,605	0	0	3,673,427	3,153,605
Unrestricted Grants and Entitlements	4,166,521	4,113,352	0	0	4,166,521	4,113,352
Investment Earnings	89,284	121,009	0	0	89,284	121,009
Miscellaneous	198,530	24,326	659	448	199,189	24,774
Total Revenues	9,184,293	8,245,294	1,040,590	1,049,496	10,224,883	9,294,790
<u>Expenses:</u>						
<i>Program Expenses:</i>						
<i>Instruction:</i>						
Regular	386,417	451,472	0	0	386,417	451,472
Special	122	21,805	0	0	122	21,805
Vocational	3,594,759	4,264,584	0	0	3,594,759	4,264,584
Adult/Continuing	292,242	219,976	0	0	292,242	219,976

(Continued)

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
<i>Support Services:</i>						
Pupils	443,544	476,665	0	0	443,544	476,665
Instructional Staff	112,257	92,371	0	0	112,257	92,371
Board of Education	176,083	103,328	0	0	176,083	103,328
Administration	1,006,458	850,992	0	0	1,006,458	850,992
Fiscal	491,386	478,520	0	0	491,386	478,520
Business	86,320	52,086	0	0	86,320	52,086
Operation and Maintenance of Plant	995,680	1,287,380	0	0	995,680	1,287,380
Pupil Transportation	1,433	1,248	0	0	1,433	1,248
Central	158,855	190,355	0	0	158,855	190,355
Operation of Non-Instructional Services	200,191	188,752	0	0	200,191	188,752
Extracurricular Activities	3,435	10,646	0	0	3,435	10,646
Adult Education	0	0	1,121,974	1,020,977	1,121,974	1,020,977
Rotary	0	0	43,906	43,165	43,906	43,165
Uniform School Supplies	0	0	27,654	33,312	27,654	33,312
<i>Total Expenses</i>	7,949,182	8,690,180	1,193,534	1,097,454	9,142,716	9,787,634
Excess Revenues (Expenses) Before Transfers	1,235,111	(444,886)	(152,944)	(47,958)	1,082,167	(492,844)
Transfers	(25,000)	(25,000)	25,000	25,000	0	0
<i>Changes in Net Assets</i>	1,210,111	(469,886)	(127,944)	(22,958)	1,082,167	(492,844)
Net Assets at Beginning of Year	3,658,643	4,128,529	511,492	534,450	4,170,135	4,662,979
Net Assets at End of Year	\$4,868,754	\$3,658,643	\$383,548	\$511,492	\$5,252,302	\$4,170,135

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

The most significant program expenses for the Center's governmental activities are Vocational Instruction, Administration, Operation and Maintenance of Plant, Fiscal and Pupils. These program expenses account for 82.17 percent of the total governmental activity expenses. Vocational Instruction, which accounts for 45.22 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Administration, which accounts for 12.66 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Center as a whole. Operation and Maintenance of Plant, which represents 12.53 percent of the total, represents costs associated with operating and maintaining the Center's facilities. Fiscal, which represents 6.18 percent of the total, represents cost associated with activities concerned with the financial operation of the district. Pupils, which represents 5.58 percent of the total, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 85.36 percent of total revenues for governmental activities.

The most significant program expense for the Center's business-type activities is Adult Education. This program, which accounts for 94.00 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

Governmental Activities

Over the past several fiscal years, the Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 40.00 percent and intergovernmental revenue made up 56.42 percent of the total revenue for the governmental activities in fiscal year 2011.

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

The Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2011, the Center received \$3,761,864 through the State's foundation program, which represents 40.96 percent of the total revenue for the governmental activities. The Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 53.76 percent of governmental activities program expenses. Support services expenses make up 43.68 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of \$1,039,931 and expenses of \$1,193,534 for fiscal year 2011. Over 77 percent of those program revenues were from charges for services for tuition and classroom materials and fees in the adult education program.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Table 3 shows the total cost of services and the net cost of services for fiscal year 2011 and a comparison to fiscal year 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
<u>Program Expenses:</u>				
<i>Governmental Activities:</i>				
Instruction	\$4,273,540	\$3,732,348	\$4,957,837	\$4,498,056
Support Services	3,472,016	3,163,062	3,532,945	3,340,837
Operation of Non-Instructional Services	200,191	(6,194)	188,752	7,639
Extracurricular Activities	3,435	3,435	10,646	10,646
<i>Business-Type Activities:</i>				
Adult Education	1,121,974	143,704	1,020,977	47,785
Rotary	43,906	7,889	43,165	(254)
Uniform School Supplies	27,654	2,010	33,312	875
Total Expenses	<u>\$9,142,716</u>	<u>\$7,046,254</u>	<u>\$9,787,634</u>	<u>\$7,905,584</u>

The Center's Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$9,003,870 and expenditures and other financing uses of \$8,241,022.

Total governmental funds fund balance increased by \$762,848. The increase in fund balance for the year was most significant in the General Fund, which increased \$658,830 or 29.94 percent.

The Center should remain stable in fiscal years 2012 through 2013. However, projections beyond fiscal year 2013 show the Center may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

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

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

For the General Fund, the final budget basis revenue was \$7,504,913 representing a \$414,500 increase from the original budget estimates of \$7,090,413. The final budget reflected a 5.85 percent increase from the original budgeted amount. For the General Fund, the final budget basis expenditures were \$7,075,312 representing an increase of \$63,652 from the original budget estimates of \$7,011,660. The final budget reflected a 0.91 percent increase from the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the Center had \$9.2 million invested in capital assets in the governmental activities and \$0.4 million in the business-type activities. These totals carry accumulated depreciation of \$7.9 million and \$0.3 million, respectively. Table 4 shows fiscal year 2011 balances compared to fiscal year 2010.

Table 4
Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
<i>Nondepreciable Capital Assets:</i>				
Land	\$26,308	\$26,308	\$0	\$0
Construction in Progress	21,168	0	0	0
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,139,968	4,139,968	0	0
Furniture, Fixtures and Equipment	4,539,712	4,955,050	434,702	429,730
Vehicles	520,369	511,871	0	0
<i>Total Capital Assets</i>	9,247,525	9,633,197	434,702	429,730
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(3,999,038)	(3,988,863)	0	0
Furniture, Fixtures and Equipment	(3,468,973)	(3,661,632)	(323,352)	(303,537)
Vehicles	(383,721)	(353,178)	0	0
<i>Total Accumulated Depreciation</i>	(7,851,732)	(8,003,673)	(323,352)	(303,537)
Capital Assets, Net	<u>\$1,395,793</u>	<u>\$1,629,524</u>	<u>\$111,350</u>	<u>\$126,193</u>

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

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

Debt Administration

At June 30, 2011, the Center had no general obligation debt outstanding.

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

Current Issues

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

As indicated in the preceding financial information, the Center relies on the State funding for over 45 percent of their funding. In the summer of 2003, the Governor's Blue Ribbon Task Force on Financing Student Success began the challenge of developing a school funding system that is effective and for which a consensus can be developed. As of the date of these financial statements, the Center is unable to determine what effect, if any, this will have on its future State funding and on its financial statements.

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

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

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

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

Residential growth has not eluded the Center over the past few years. Increasing numbers of housing developments are being approved. Residential/agricultural property contributes over 91 percent of the Center's property tax valuation.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Contacting the Center's Financial Management

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

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TRI-COUNTY CAREER CENTER

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,487,112	\$307,138	\$3,794,250
Property Taxes Receivable	3,863,635	0	3,863,635
Accounts Receivable	2,131	16,698	18,829
Intergovernmental Receivable	68,704	0	68,704
Prepaid Items	31,823	0	31,823
Inventory Held for Resale	1,060	0	1,060
Materials and Supplies Inventory	27,801	0	27,801
Nondepreciable Capital Assets	47,476	0	47,476
Depreciable Capital Assets, Net	1,348,317	111,350	1,459,667
<i>Total Assets</i>	<u>8,878,059</u>	<u>435,186</u>	<u>9,313,245</u>
<u>Liabilities:</u>			
Accounts Payable	5,663	2,465	8,128
Accrued Wages and Benefits	518,421	41,172	559,593
Intergovernmental Payable	89,315	2,123	91,438
Deferred Revenue	2,832,482	0	2,832,482
<i>Long-Term Liabilities:</i>			
Due within One Year	86,262	5,878	92,140
Due in More Than One Year	477,162	0	477,162
<i>Total Liabilities</i>	<u>4,009,305</u>	<u>51,638</u>	<u>4,060,943</u>
<u>Net Assets:</u>			
Invested in Capital Assets	1,395,793	111,350	1,507,143
<i>Restricted for:</i>			
Capital Projects	521,923	0	521,923
Other Purposes	144,486	0	144,486
Unrestricted	2,806,552	272,198	3,078,750
<i>Total Net Assets</i>	<u>\$4,868,754</u>	<u>\$383,548</u>	<u>\$5,252,302</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<u>Governmental Activities:</u>			
<i>Instruction:</i>			
Regular	\$386,417	\$0	\$52,773
Special	122	0	0
Vocational	3,594,759	0	196,304
Adult/Continuing	292,242	0	292,115
<i>Support Services:</i>			
Pupils	443,544	0	58,209
Instructional Staff	112,257	0	0
Board of Education	176,083	0	0
Administration	1,006,458	0	109,924
Fiscal	491,386	0	0
Business	86,320	0	0
Operation and Maintenance of Plant	995,680	0	0
Pupil Transportation	1,433	0	0
Central	158,855	0	140,821
<i>Operation of Non-Instructional Services:</i>			
Food Services	199,803	41,096	165,289
Other	388	0	0
Extracurricular Activities	3,435	0	0
<i>Total Governmental Activities</i>	<u>7,949,182</u>	<u>41,096</u>	<u>1,015,435</u>
<u>Business-Type Activities:</u>			
Adult Education	1,121,974	743,769	234,501
Rotary	43,906	36,017	0
Uniform School Supplies	27,654	25,644	0
<i>Total Business-Type Activities</i>	<u>1,193,534</u>	<u>805,430</u>	<u>234,501</u>
<i>Totals</i>	<u><u>\$9,142,716</u></u>	<u><u>\$846,526</u></u>	<u><u>\$1,249,936</u></u>

General Revenues:

Property Taxes Levied for:

General Purposes
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 at Beginning of Year, As restated (See Note 3)

Net Assets at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$333,644)	\$0	(\$333,644)
(122)	0	(122)
(3,398,455)	0	(3,398,455)
(127)	0	(127)
	0	
(385,335)	0	(385,335)
(112,257)	0	(112,257)
(176,083)	0	(176,083)
(896,534)	0	(896,534)
(491,386)	0	(491,386)
(86,320)	0	(86,320)
(995,680)	0	(995,680)
(1,433)	0	(1,433)
(18,034)	0	(18,034)
	0	
6,582	0	6,582
(388)	0	(388)
(3,435)	0	(3,435)
(6,892,651)	0	(6,892,651)
0	(143,704)	(143,704)
0	(7,889)	(7,889)
0	(2,010)	(2,010)
0	(153,603)	(153,603)
(6,892,651)	(153,603)	(7,046,254)
3,673,427	0	3,673,427
4,166,521	0	4,166,521
89,284	0	89,284
198,530	659	199,189
8,127,762	659	8,128,421
(25,000)	25,000	0
8,102,762	25,659	8,128,421
1,210,111	(127,944)	1,082,167
3,658,643	511,492	4,170,135
\$4,868,754	\$383,548	\$5,252,302

TRI-COUNTY CAREER CENTER

*Balance Sheet
Governmental Funds
June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,764,227	\$722,885	\$3,487,112
Property Taxes Receivable	3,863,635	0	3,863,635
Accounts Receivable	2,131	0	2,131
Intergovernmental Receivable	0	68,704	68,704
Interfund Receivable	160,785	0	160,785
Prepaid Items	31,823	0	31,823
Inventory Held for Resale	0	1,060	1,060
Materials and Supplies Inventory	27,801	0	27,801
<i>Total Assets</i>	<u>\$6,850,402</u>	<u>\$792,649</u>	<u>\$7,643,051</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$5,663	\$0	\$5,663
Accrued Wages and Benefits	485,750	32,671	518,421
Intergovernmental Payable	77,427	11,888	89,315
Interfund Payable	0	160,785	160,785
Deferred Revenue	3,422,541	31,730	3,454,271
<i>Total Liabilities</i>	<u>3,991,381</u>	<u>237,074</u>	<u>4,228,455</u>
<u>Fund Balances:</u>			
Nonspendable	61,650	0	61,650
Restricted	0	160,659	160,659
Assigned	201,319	521,923	723,242
Unassigned	2,596,052	(127,007)	2,469,045
<i>Total Fund Balances</i>	<u>2,859,021</u>	<u>555,575</u>	<u>3,414,596</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,850,402</u>	<u>\$792,649</u>	<u>\$7,643,051</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2011*

Total Governmental Funds Balances	\$3,414,596
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (\$22,929 is in the internal service fund not included)	1,372,864
Some of the Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Property taxes	590,059
Intergovernmental revenue	<u>31,730</u>
Total receivables that are not reported in the funds	621,789
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
Compensated absences	(563,424)
An internal service fund is used by management to charge the costs of insurance to individual funds. The asset and liabilities of the internal service fund are allocated in governmental activities in the statement of net assets.	<u>22,929</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$4,868,754</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$3,228,277	\$0	\$3,228,277
Intergovernmental	4,148,837	1,026,896	5,175,733
Interest	86,123	3,161	89,284
Customer Sales and Services	0	41,096	41,096
Miscellaneous	180,058	18,472	198,530
<i>Total Revenues</i>	<u>7,643,295</u>	<u>1,089,625</u>	<u>8,732,920</u>
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	348,009	46,635	394,644
Vocational	3,520,341	196,447	3,716,788
Adult/Continuing	0	292,242	292,242
<i>Support Services:</i>			
Pupils	367,273	69,308	436,581
Instructional Staff	110,847	0	110,847
Board of Education	175,840	0	175,840
Administration	791,985	210,647	1,002,632
Fiscal	499,354	0	499,354
Business	72,657	0	72,657
Operation and Maintenance of Plant	839,880	104,015	943,895
Pupil Transportation	1,433	0	1,433
Central	28,111	142,240	170,351
Operation of Non-Instructional Services	388	195,023	195,411
Extracurricular Activities	3,347	0	3,347
<i>Total Expenditures</i>	<u>6,759,465</u>	<u>1,256,557</u>	<u>8,016,022</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>883,830</u>	<u>(166,932)</u>	<u>716,898</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	0	200,000	200,000
Insurance Recoveries	0	70,950	70,950
Transfers Out	(225,000)	0	(225,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(225,000)</u>	<u>270,950</u>	<u>45,950</u>
<i>Net Change in Fund Balances</i>	658,830	104,018	762,848
<i>Fund Balances at Beginning of Year, As Restated (see Note 3)</i>	<u>2,200,191</u>	<u>451,557</u>	<u>2,651,748</u>
<i>Fund Balances at End of Year</i>	<u><u>\$2,859,021</u></u>	<u><u>\$555,575</u></u>	<u><u>\$3,414,596</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balances - Total Governmental Funds \$762,848

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (\$21 is the internal service fund depreciation not included) (193,787)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (\$116 is the internal service fund disposal not included) (39,807)

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

Property taxes	445,150
Intergovernmental	<u>6,223</u>

Total receivables not reported in the funds 451,373

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

Compensated absences 229,621

The internal service fund used by management to charge the cost of services to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the activities. (137)

Change in Net Assets of Governmental Activities \$1,210,111

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$3,030,413	\$3,165,413	\$3,166,916	\$1,503
Intergovernmental	3,969,000	4,078,000	4,148,837	70,837
Interest	85,000	85,000	86,123	1,123
Miscellaneous	6,000	176,500	176,925	425
<i>Total Revenues</i>	<u>7,090,413</u>	<u>7,504,913</u>	<u>7,578,801</u>	<u>73,888</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	347,480	345,168	344,425	743
Vocational	3,782,230	3,785,637	3,765,535	20,102
<i>Support Services:</i>				
Pupils	414,199	379,131	370,928	8,203
Instructional Staff	48,316	108,816	107,951	865
Board of Education	139,953	182,064	172,289	9,775
Administration	653,273	807,557	801,600	5,957
Fiscal	521,958	510,082	499,495	10,587
Business	88,707	88,397	72,247	16,150
Operation and Maintenance of Plant	960,846	833,754	829,119	4,635
Pupil Transportation	2,300	2,300	1,433	867
Central	39,200	28,758	28,107	651
Extracurricular Activities	13,198	3,648	3,369	279
<i>Total Expenditures</i>	<u>7,011,660</u>	<u>7,075,312</u>	<u>6,996,498</u>	<u>78,814</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>78,753</u>	<u>429,601</u>	<u>582,303</u>	<u>152,702</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	90,000	20,000	29,000	9,000
Advances Out	(50,912)	(150,000)	(150,000)	0
Transfers Out	(228,500)	(229,400)	(229,400)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(189,412)</u>	<u>(359,400)</u>	<u>(350,400)</u>	<u>9,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(110,659)</u>	<u>70,201</u>	<u>231,903</u>	<u>161,702</u>
<i>Fund Balance at Beginning of Year</i>	2,249,358	2,249,358	2,249,358	0
Prior Year Encumbrances Appropriated	<u>79,705</u>	<u>79,705</u>	<u>79,705</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,218,404</u>	<u>\$2,399,264</u>	<u>\$2,560,966</u>	<u>\$161,702</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

Statement of Net Assets

Proprietary Funds

June 30, 2011

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Assets:</u>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$202,161	\$104,977	\$307,138	\$0
Accounts Receivable	9,961	6,737	16,698	0
<i>Noncurrent Assets:</i>				
Depreciable Capital Assets, Net	107,201	4,149	111,350	22,929
<i>Total Assets</i>	<u>319,323</u>	<u>115,863</u>	<u>435,186</u>	<u>22,929</u>
<u>Liabilities:</u>				
<i>Current Liabilities:</i>				
Accounts Payable	2,465	0	2,465	0
Accrued Wages and Benefits	41,172	0	41,172	0
Intergovernmental Payable	2,123	0	2,123	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	5,878	0	5,878	0
<i>Total Long-Term Liabilities</i>	<u>5,878</u>	<u>0</u>	<u>5,878</u>	<u>0</u>
<i>Total Liabilities</i>	<u>51,638</u>	<u>0</u>	<u>51,638</u>	<u>0</u>
<u>Net Assets:</u>				
Invested in Capital Assets	107,201	4,149	111,350	22,929
Unrestricted	160,484	111,714	272,198	0
<i>Total Net Assets</i>	<u>\$267,685</u>	<u>\$115,863</u>	<u>\$383,548</u>	<u>\$22,929</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011*

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Operating Revenues:</u>				
Tuition	\$582,168	\$0	\$582,168	\$0
Sales	161,601	25,644	187,245	0
Charges for Services	0	36,017	36,017	0
Other Operating Revenues	425	234	659	0
<i>Total Operating Revenues</i>	<u>744,194</u>	<u>61,895</u>	<u>806,089</u>	<u>0</u>
<u>Operating Expenses:</u>				
Salaries	560,720	0	560,720	0
Fringe Benefits	234,347	0	234,347	0
Purchased Services	97,741	0	97,741	0
Materials and Supplies	192,464	70,876	263,340	0
Depreciation	31,993	684	32,677	21
Other Operating Expenses	4,335	0	4,335	0
<i>Total Operating Expenses</i>	<u>1,121,600</u>	<u>71,560</u>	<u>1,193,160</u>	<u>21</u>
<i>Operating Income (Loss)</i>	<u>(377,406)</u>	<u>(9,665)</u>	<u>(387,071)</u>	<u>(21)</u>
<u>Nonoperating Revenues (Expenses):</u>				
Federal and State Subsidies	234,501	0	234,501	0
Loss on Sale of Capital Assets	(374)	0	(374)	(116)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>234,127</u>	<u>0</u>	<u>234,127</u>	<u>(116)</u>
<i>Income (Loss) before Transfers</i>	<u>(143,279)</u>	<u>(9,665)</u>	<u>(152,944)</u>	<u>(137)</u>
Transfers In	<u>25,000</u>	<u>0</u>	<u>25,000</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>(118,279)</u>	<u>(9,665)</u>	<u>(127,944)</u>	<u>(137)</u>
<i>Net Assets at Beginning of Year</i>	<u>385,964</u>	<u>125,528</u>	<u>511,492</u>	<u>23,066</u>
<i>Net Assets at End of Year</i>	<u>\$267,685</u>	<u>\$115,863</u>	<u>\$383,548</u>	<u>\$22,929</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Sales	\$161,601	\$63,849	\$225,450	\$0
Cash Received from Tuition and Charges for Services	583,175	0	583,175	0
Other Cash Receipts	425	234	659	0
Cash Payments to Purchased Services	(97,741)	0	(97,741)	0
Cash Payments to Employees for Services	(556,610)	0	(556,610)	0
Cash Payments for Employee Benefits	(234,335)	0	(234,335)	0
Cash Payments for Goods and Services	(170,270)	(72,685)	(242,955)	0
Other Cash Payments	(4,335)	0	(4,335)	0
<i>Net Cash from Operating Activities</i>	<u>(318,090)</u>	<u>(8,602)</u>	<u>(326,692)</u>	<u>0</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	234,501	0	234,501	0
Transfers In	25,000	0	25,000	0
<i>Net Cash from Noncapital Financing Activities</i>	<u>259,501</u>	<u>0</u>	<u>259,501</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Purchases of Capital Assets	(17,164)	(1,044)	(18,208)	0
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(17,164)</u>	<u>(1,044)</u>	<u>(18,208)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(75,753)	(9,646)	(85,399)	0
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>277,914</u>	<u>114,623</u>	<u>392,537</u>	<u>0</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$202,161</u>	<u>\$104,977</u>	<u>\$307,138</u>	<u>\$0</u>
<u>Reconciliation of Operating Income (Loss)</u>				
<u>to Net Cash from Operating Activities:</u>				
Operating Income (Loss)	(\$377,406)	(\$9,665)	(\$387,071)	(\$21)
<u>Adjustments to Reconcile Operating Income (Loss)</u>				
<u>to Net Cash from Operating Activities:</u>				
Depreciation	31,993	684	32,677	21
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	1,007	2,188	3,195	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	2,342	(1,809)	533	0
Accrued Wages and Benefits	23,962	0	23,962	0
Intergovernmental Payable	(146)	0	(146)	0
Compensated Absences Payable	158	0	158	0
Total Adjustments	<u>59,316</u>	<u>1,063</u>	<u>60,379</u>	<u>21</u>
<i>Net Cash from Operating Activities</i>	<u>(\$318,090)</u>	<u>(\$8,602)</u>	<u>(\$326,692)</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2011

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$46,617</u>
<i>Total Assets</i>	<u>46,617</u>
<u>Liabilities:</u>	
Due to Students	<u>46,617</u>
<i>Total Liabilities</i>	<u><u>\$46,617</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Tri-County Career Center (the Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Center includes eight participating District's spread throughout Athens, Hocking and Perry Counties.

The Center operates under an eleven-member Board of Education and is responsible for the provision of public education to residents of the Center. The Board of Education of the Center is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The Center has an enrollment of 500 students and is staffed by 31 classified, 55 certified and 4 administrative employees.

Reporting Entity

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

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

The Center is involved with the Southeastern Ohio Voluntary Education Cooperative (SEOVEC), Southeastern Ohio Special Education Regional Resource Center (SERRC), and the Athens County School Employees Health and Welfare Benefit Association, which are defined as jointly governed organizations. The Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

The following is the Center's major governmental fund:

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

During the fiscal year 2011, the Center's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$86,123 which includes \$23,069 assigned from other Center funds.

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

F. Inventory

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of three hundred dollars. The Center does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

I. Interfund Balances

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 15 years of service with the Center.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Liabilities

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

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

L. Net Assets

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

Net assets restricted for other purposes are primarily for federal and state grants reported in the Special Revenue Funds.

The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the Center's restricted assets of \$666,409, none are restricted by enabling legislation.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

M. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – The committed fund balance category includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Center’s Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned –Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Center’s Board of Education.

Unassigned – The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

N. Operating Revenues and Expenses

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

O. Interfund Transactions

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

P. Estimates

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

Q. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2011.

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 3 –CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES AND NET ASSETS

Changes in Accounting Principles

For fiscal year 2011, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, and GASB No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the Center’s financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the Center’s financial statements.

Restatement of Prior Year’s Fund Balances and Net Assets

During 2011, it was determined that the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds as they were previously reported.

	General	Nonmajor Governmental Fund
Fund Balances, June 30, 2010	\$2,195,742	\$453,417
GASB 54 Change in Fund Structure	4,449	(1,860)
Adjusted Fund Balances, June 30, 2010	\$2,200,191	\$451,557
	Governmental Activities	
Net Assets, June 30, 2010	\$3,656,054	
GASB 54 Change in Fund Structure	2,589	
Adjusted Net Assets, June 30, 2010	\$3,658,643	

The change in fund structure includes the reclassification of the Unclaimed Monies Fund in the amount of \$2,589 from an agency fund to the General Fund.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$658,830
<i>Adjustments:</i>	
Revenue Accruals	(64,494)
Expenditure Accruals	(37,835)
Encumbrances	(199,198)
Other Uses	(125,400)
	\$231,903
Budget Basis	\$231,903

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 - ACCOUNTABILITY

Fund balances at June 30, 2011 included the following individual fund deficits:

Nonmajor Special Revenue Funds:

Miscellaneous State Grants	\$126,672
Driver's Education Grant	250
Title II-A	85

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

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Center's deposits may not be returned. All deposits are collateralized with eligible securities. 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.

At June 30, 2011, the carrying amount of all the Center deposits was \$3,643,215. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2011, \$3,836,793 of the Center's bank balance of \$4,086,793 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$3,836,793 exposed to custodial risk was collateralized with securities held by the Center or its agency in the Center's name.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

Investments: As of June 30, 2011, the Center had the following investments and maturities:

Investment Type	Fair Value	6 Months or Less
STAROhio	\$197,651	\$197,651
Totals	\$197,651	\$197,651

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor’s has assigned STAROhio an “AAAm” money market rating.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Center’s investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Center policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Center or not.

The classification of cash and cash equivalent on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents on the basic financial statements and the classification of deposits and investments in GASB Statement No. 3 follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,840,867	\$0
<i>Investments:</i> STAR Ohio	(197,651)	197,651
GASB Statement No. 3	\$3,643,215	\$197,651

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 7 - PROPERTY TAXES

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second - Half Collections		2011 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,470,537,170	91.04%	\$1,473,434,660	90.48%
Public Utility Personal	140,435,330	8.69%	152,971,950	9.39%
Tangible Personal Property	4,352,230	0.27%	2,150,830	0.13%
Total Assessed Value	\$1,615,324,730	100.00%	\$1,628,557,440	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$3.30		\$3.30	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2011 is available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2011. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Center had \$440,160 available for advance to the General Fund at June 30, 2011.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

<i>Nonmajor Special Revenue Funds:</i>	
Vocational Education	\$36,974
Title IIA	1,667
Miscellaneous Federal Grants	30,063
<i>Total Nonmajor Special Revenue Funds</i>	<u>68,704</u>
Total Intergovernmental Receivable	<u><u>\$68,704</u></u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2011 was as follows:

Asset Category	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$26,308	\$0	\$0	\$26,308
Construction in Progress	0	21,168	0	21,168
Total Nondepreciable Capital Assets	26,308	21,168	0	47,476
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,139,968	0	0	4,139,968
Furniture, Fixtures and Equipment	4,955,050	112,427	(527,765)	4,539,712
Vehicles	511,871	8,498	0	520,369
Total Depreciable Capital Assets	9,606,889	120,925	(527,765)	9,200,049
Total Capital Assets	9,633,197	142,093	(527,765)	9,247,525
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(3,988,863)	(10,175)	0	(3,999,038)
Furniture, Fixtures and Equipment	(3,661,632)	(295,183)	487,842	(3,468,973)
Vehicles	(353,178)	(30,543)	0	(383,721)
Total Accumulated Depreciation	(8,003,673)	(335,901)	487,842	(7,851,732)
Total Net Capital Assets	\$1,629,524	(\$193,808)	(\$39,923)	\$1,395,793

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$5,665
Special	122
Vocational	241,478
<i>Support Services:</i>	
Pupils	10,255
Instructional Staff	3,724
Board of Education	243
Administration	8,229
Fiscal	3,048
Business	1,502
Operation and Maintenance of Plant	53,991
Central	237
Operation of Non-Instructional Services	7,319
Extracurricular Activities	88
Total Depreciation Expense	\$335,901

Capital asset business-type activity for the fiscal year ended June 30, 2011 was as follows:

Asset Category	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Business-Type Activities:				
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$429,730	\$18,208	(\$13,236)	\$434,702
<i>Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(303,537)	(32,677)	12,862	(323,352)
Business-Type Activities Capital Assets, Net	\$126,193	(\$14,469)	(\$374)	\$111,350

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 10 - RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Center contracted with Reed & Baur Insurance Agency Inc. for property and fleet insurance, inland marine insurance, liability insurance and employee blanket bond, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2011 are as follows:

Building and Contents-replacement cost (\$2,500 deductible)	\$28,900,978
Inland Marine Coverage (\$500 deductible)	210,000
Automobile Liability (\$500 deductible)	1,000,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
<i>General Liability:</i>	
Medical Expense Limit (any one person)	15,000
Fire Damage Limit (any one fire)	300,000
Per Occurrence	3,000,000
Total Per Year	3,000,000
School Leaders Errors and Omissions (\$2,500 deductible)	3,000,000
<i>Public Official Bonds:</i>	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond (\$500 deductible)	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years. No significant changes in coverage from last year.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 10 - RISK MANAGEMENT - (Continued)

Workers' Compensation

For fiscal year 2011, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT 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. The 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.

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 2011, 11.81 percent of the annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$178,920, \$187,233 and \$105,525, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

B. State Teachers Retirement System

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 the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090 or by visiting the STRS Ohio website at www.strsoh.org.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds 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 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.

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

Funding Policy - For fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary and the Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$555,124, \$457,839, and \$458,366, respectively; 90.56 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 12 - 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. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. 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 Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS’ Ohio website, www.ohsers.org

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 14 percent contribution to the Health Care Fund. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). For 2011, 1.43 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 amount. For fiscal year 2011, the minimum compensation level was established at \$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, 2011, 2010, and 2009 were \$39,198, \$35,502 and \$65,806, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District’s contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,612, \$1,559 and \$1,219, respectively, which equaled the required contributions each year.

B. State Teachers Retirement System

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 or by calling (888) 227-7877.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2011, 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, 2011, 2010, and 2009 were \$42,702, \$36,073 and \$33,106, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

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

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the Center's long-term liabilities for governmental activities during fiscal year 2011 were as follows:

	Principal Outstanding at July 1, 2010	Additions	Deductions	Principal Outstanding at June 30, 2011	Amount Due In One Year
<i><u>Governmental Activities:</u></i>					
Compensated Absences Payable	\$793,045	\$242,583	\$472,204	\$563,424	\$86,262

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

The changes in the Center's long-term liabilities for business-type activities during fiscal year 2011 were as follows:

	Principal Outstanding at July 1, 2010	Additions	Deductions	Principal Outstanding at June 30, 2011	Amount Due In One Year
<i><u>Business-Type Activities:</u></i>					
Compensated Absences Payable	\$5,720	\$6,986	\$6,828	\$5,878	\$5,878

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 15 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>			
Prepays	\$31,823	\$0	\$31,823
Inventory	27,801	0	27,801
Unclaimed Monies	2,026	0	2,026
<i>Restricted:</i>			
<i>Special Revenues:</i>			
Food Service	0	31,273	31,273
Special Trust	0	96,126	96,126
Local Education Grants	0	7,873	7,873
Federal Vocational Education Grants	0	25,387	25,387
<i>Assigned:</i>			
Encumbrances	199,198	0	199,198
Public School Support	2,121	0	2,121
Permanent Improvement	0	521,923	521,923
<i>Unassigned</i>	<u>2,596,052</u>	<u>(127,007)</u>	<u>2,469,045</u>
Total Fund Balances	<u>\$2,859,021</u>	<u>\$555,575</u>	<u>\$3,414,596</u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2011, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$160,785	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	10,000
Miscellaneous State Grants	0	150,450
Driver's Education	0	250
Title II A	0	85
Total Nonmajor Special Revenue Funds	0	160,785
Totals	\$160,785	\$160,785

The balance of \$160,785 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

Transfers From	Nonmajor Capital Projects	Adult Education	Total
General	\$200,000	\$25,000	\$225,000

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

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperative

The Southeastern Ohio Voluntary Education Cooperative (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 28 participants consisting of 24 school districts and 4 educational service centers. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters; and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SEOVEC is not dependent on the Center's continued participation and no equity interest exists. SEOVEC has no outstanding debt. The Center made a payment of \$21,933 for membership in fiscal year 2011. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, P.O. Box 1250, Athens, Ohio 45701.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS- (Continued)

Southeastern Ohio Special Education Regional Resource Center

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

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

Athens County School Employees Health and Welfare Benefit Association

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

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

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

NOTE 19 - CONTINGENCIES

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2011.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 20 - STATUTORY SET-ASIDES

The following changes occurred in the Center's set-aside reserve accounts during fiscal year 2011:

	<u>Textbook</u>	<u>Capital Improvements</u>	<u>Totals</u>
Set-Aside Balance as of July 1, 2010	\$0	\$0	\$0
Current Year Set-Aside Requirement	76,428	76,428	152,856
Qualifying Disbursements	<u>(300,086)</u>	<u>(203,509)</u>	<u>(503,595)</u>
Total	<u>(223,658)</u>	<u>(127,081)</u>	<u>(350,739)</u>
Set-Aside Balance as of June 30, 2011	<u>\$0</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$0</u>

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

NOTE 21 – ENCUMBRANCE COMMITMENTS

At June 30, 2011, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$199,198
<u>Nonmajor Funds</u>	
Permanent Improvement	446,055
Vocational Education	60,849
Improving Teacher Quality	400
Total Nonmajor Funds	<u>507,304</u>
Total Encumbrances	<u>\$706,502</u>

NOTE 22 – CONTRACTUAL COMMITMENTS

As of June 30, 2011, the District had contractual purchase commitments for two projects. The amount for each project is as follows:

<u>Contractor</u>	<u>Project</u>	<u>Contract Amounts</u>	<u>Amounts Paid as of June 30, 2011</u>	<u>Amounts Remaining on Contracts</u>
Tecta America Zero Company	Smith-Parkins Bldg Roof Replacement	\$556,100	\$0	\$556,100
RVC Architects	Smith-Parkins Bldg Roof Replacement	<u>35,280</u>	<u>21,168</u>	<u>14,112</u>
Total		<u>\$591,380</u>	<u>\$21,168</u>	<u>\$570,212</u>

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**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2011	10.555	\$ 20,293	\$ 20,293
Cash Assistance:				
School Breakfast Program	2011	10.553	55,210	55,210
National School Lunch Program	2011	10.555	106,574	106,574
Cash Assistance Subtotal			<u>161,784</u>	<u>161,784</u>
Total Child Nutrition Cluster			<u>182,077</u>	<u>182,077</u>
Total U.S. Department of Agriculture			182,077	182,077
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2010	84.063	3,666	3,666
	2011		288,449	288,449
Total Federal Pell Grant Program			<u>292,115</u>	<u>292,115</u>
Rural Education	2010	84.358A	23,514	23,514
	2011		21,730	21,730
Total Rural Education			<u>45,244</u>	<u>45,244</u>
<i>Passed Through Ohio Department of Education:</i>				
Career and Technical Education - Basic Grants to States	2010	84.048	40,610	38,571
	2011		359,928	336,053
Total Career and Technical Education - Basic Grants to States			<u>400,538</u>	<u>374,624</u>
Improving Teacher Quality State Grants	2010	84.367	50	50
	2011		1,256	1,342
Total Improving Teacher Quality State Grants			<u>1,306</u>	<u>1,392</u>
Total U.S. Department of Education			<u>739,203</u>	<u>713,375</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 921,280</u>	<u>\$ 895,452</u>

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

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

The Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Center assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The Center reports commodities consumed on the Schedule at fair value. The Center allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2011, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 18, 2012, wherein we noted that the Center has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of reasonably assuring whether the 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 management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities and others within the Center. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 18, 2012



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Tri-County Career Center, Athens County, Ohio (the Center), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Center's major federal program for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 the 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 the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The 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 the Center's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

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 noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Center's management in a separate letter dated January 18, 2012.

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



Dave Yost
Auditor of State

January 18, 2012

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states, "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Tri-County Career Center, Athens County, Ohio (the Center), has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board's anti-harassment policy amended on May 18, 2010 includes violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board, is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 18, 2012

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TRI COUNTY CAREER CENTER

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 2, 2012**