



**Auditor of State
Betty Montgomery**

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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WASHINGTON COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

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 Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the years ended June 30, 2005 and 2004, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio, as of June 30, 2005 and 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the Career Center implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The Career Center also implemented GASB Statements 37, 38, 39, 40, 41 and 46, GASB Technical Bulletin 2004-2 and Interpretation 6 concurrently with GASB Statement 34.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2006, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 result of our audit.

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

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

Betty Montgomery
Auditor of State

January 10, 2006

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2005 and 2004
Unaudited

The discussion and analysis of the Washington County Career Center's financial performance provides an overall review of the Career Center's financial activities for the fiscal years ended June 30, 2005 and 2004. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2005 are as follows:

- In total, net assets increased \$14,347. Net assets of governmental activities decreased \$162,721 while net assets of the business-type activity increased \$177,068 from 2004.
- General revenues accounted for \$4,773,858 in revenue or 83% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$950,701 or 17% of total revenues of \$5,724,559.
- Total program expenses were \$7,743,885; \$5,887,280 in governmental activities and \$1,856,605 in the business-type activity.

Key financial highlights for the fiscal year 2004 are as follows:

- In total, net assets decreased \$406,816. Net assets of governmental activities decreased \$417,571 while net assets of the business-type activity increased \$10,755 from 2003.
- General revenues accounted for \$4,480,292 in revenue or 83% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$945,138 or 17% of total revenues of \$5,425,430.
- Total program expenses were \$7,412,403; \$5,843,001 in governmental activities and \$1,569,402 in the business-type activity.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Washington County Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Career Center's most significant funds with all other non-major funds presented in total in one column.

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Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the Career Center to provide programs and activities for students, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal years 2005 and 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting 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.

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

In the Statement of Net Assets and the Statement of Activities, the Career Center is divided into two kinds of activities:

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

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The Career Center's adult education programs are reported as business activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major fund begins on page 10. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental fund is the General Fund.

Governmental Funds Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (adult education); therefore, these statements will essentially match.

The Career Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net assets for 2005 compared to 2004.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$4,107,663	\$3,964,288	\$1,506,863	\$1,300,334	\$5,614,526	\$5,264,622
Capital Assets, Net	5,493,263	5,605,293	158,297	157,448	5,651,560	5,762,741
<i>Total Assets</i>	<u>9,600,926</u>	<u>9,569,581</u>	<u>1,665,160</u>	<u>1,457,782</u>	<u>11,266,086</u>	<u>11,027,363</u>
Liabilities						
Current and Other Liabilities	2,463,161	2,319,738	80,495	63,193	2,543,656	2,382,931
Long-term Liabilities						
Due Within One Year	49,863	33,901	0	2,211	49,863	36,112
Due in More Than One Year	1,011,520	976,839	58,098	42,879	1,069,618	1,019,718
<i>Total Liabilities</i>	<u>3,524,544</u>	<u>3,330,478</u>	<u>138,593</u>	<u>108,283</u>	<u>3,663,137</u>	<u>3,438,761</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	4,958,031	5,063,965	158,297	155,237	5,116,328	5,219,202
Restricted	41,554	37,638	0	0	41,554	37,638
Unrestricted	1,076,797	1,137,500	1,368,270	1,194,262	2,445,067	2,331,762
<i>Total Net Assets</i>	<u>\$6,076,382</u>	<u>\$6,239,103</u>	<u>\$1,526,567</u>	<u>\$1,349,499</u>	<u>\$7,602,949</u>	<u>\$7,588,602</u>

Total assets increased \$238,723, with governmental assets increasing \$31,345 and business-type assets increasing \$207,378. For governmental activities, cash and property taxes receivable both experienced increases of \$56,486 and \$89,670, respectively. Assessed property values increased over \$145 million from fiscal year 2004 due to the 2005 property tax reappraisal in Washington County.

Total liabilities increased \$224,376, with governmental liabilities increasing \$194,066 and business-type liabilities increasing \$30,310. For the governmental funds, the increase represents an increase of \$19,193 in accrued wages and an increase of \$133,666 in deferred revenue due to an increase in assessed property values. For the business-type activity, the increase is due to accrued wages.

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Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole. Table 2 provides a summary of the Career Center's net assets for 2004 compared to 2003.

(Table 2)
 Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and Other Assets	\$3,964,288	\$4,176,390	\$1,300,334	\$1,348,071	\$5,264,622	\$5,524,461
Capital Assets, Net	5,605,293	5,860,942	157,448	137,924	5,762,741	5,998,866
<i>Total Assets</i>	<u>9,569,581</u>	<u>10,037,332</u>	<u>1,457,782</u>	<u>1,485,995</u>	<u>11,027,363</u>	<u>11,523,327</u>
Liabilities						
Current and Other Liabilities	2,319,738	2,334,341	63,193	99,029	2,382,931	2,433,370
Long-term Liabilities						
Due Within One Year	33,901	96,401	2,211	0	36,112	96,401
Due in More Than One Year	976,839	949,916	42,879	48,222	1,019,718	998,138
<i>Total Liabilities</i>	<u>3,330,478</u>	<u>3,380,658</u>	<u>108,283</u>	<u>147,251</u>	<u>3,438,761</u>	<u>3,527,909</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	5,063,965	5,281,814	155,237	131,554	5,219,202	5,413,368
Restricted	37,638	38,819	0	0	37,638	38,819
Unrestricted	1,137,500	1,336,041	1,194,262	1,207,190	2,331,762	2,543,231
<i>Total Net Assets</i>	<u>\$6,239,103</u>	<u>\$6,656,674</u>	<u>\$1,349,499</u>	<u>\$1,338,744</u>	<u>\$7,588,602</u>	<u>\$7,995,418</u>

Total assets decreased \$495,964, with governmental assets decreasing \$467,751 and business-type assets decreasing \$28,213. For governmental activities, cash and property taxes receivable both experienced increases of \$130,214 and \$115,944, respectively. Assessed property values increased over \$6.7 million from fiscal year 2003 due to the 2004 property tax reappraisal in Washington County. Decreases occurred in areas of accounts and intergovernmental receivables of \$147,600. These decreases are due to funds being received in a timelier manner than in the previous fiscal year.

Total liabilities decreased \$89,795, with governmental liabilities decreasing \$50,180 and business-type liabilities decreasing \$39,615. For the governmental funds, the Career Center discontinued the Agriculture Cooperation program; therefore, that teacher replace the retired OWE teacher. For the business-type activity, the Career Center experienced a reduction in force for the Human Resource Development and COST programs.

Table 3 shows the changes in net assets for the fiscal year ended June 30, 2005 compared to changes in net assets for the fiscal year ended June 30, 2004. Since 2004 was the first year the Career Center prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2003 were not available.

Washington County Career Center, Ohio
Management's Discussion and Analysis
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Unaudited

	Governmental		Business-Type		Total	
	Activities		Activity			
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues						
Charges for Services	\$189,505	\$203,818	\$1,616,691	\$1,222,788	\$1,806,196	\$1,426,606
Operating Grants, Contributions and Interest	761,196	741,320	412,937	357,215	1,174,133	1,098,535
Total Program Revenues	<u>950,701</u>	<u>945,138</u>	<u>2,029,628</u>	<u>1,580,003</u>	<u>2,980,329</u>	<u>2,525,141</u>
General Revenues						
Property Taxes	1,953,758	1,870,020	0	0	1,953,758	1,870,020
Grants and Entitlements	2,677,478	2,529,455	0	0	2,677,478	2,529,455
Payments in Lieu of Taxes	19,868	9,934	0	0	19,868	9,934
Interest	68,144	30,656	0	0	68,144	30,656
Gain on Sale of Capital Assets	2,450	0	3,757	0	6,207	0
Miscellaneous	52,160	40,227	288	154	52,448	40,381
Total General Revenues	<u>4,773,858</u>	<u>4,480,292</u>	<u>4,045</u>	<u>154</u>	<u>4,777,903</u>	<u>4,480,446</u>
Total Revenues	<u>5,724,559</u>	<u>5,425,430</u>	<u>2,033,673</u>	<u>1,580,157</u>	<u>7,758,232</u>	<u>7,005,587</u>
Program Expenses						
Instruction:						
Regular	699,309	664,215	0	0	699,309	664,215
Special	4,710	4,905	0	0	4,710	4,905
Vocational	2,363,279	2,466,185	0	0	2,363,279	2,466,185
Adult/Continuing	33,430	24,581	0	0	33,430	24,581
Support Services:						
Pupils	382,087	288,000	0	0	382,087	288,000
Instructional Staff	428,614	340,058	0	0	428,614	340,058
Board of Education	16,231	13,866	0	0	16,231	13,866
Administration	511,848	521,119	0	0	511,848	521,119
Fiscal	212,521	223,249	0	0	212,521	223,249
Business	56,841	50,196	0	0	56,841	50,196
Operation and Maintenance of Plant	785,387	862,680	0	0	785,387	862,680
Central	160,154	198,487	0	0	160,154	198,487
Operation of Non-Instructional Services:						
Other	94,873	49,978	0	0	94,873	49,978
Food Service Operations	107,819	105,513	0	0	107,819	105,513
Extracurricular Activities	1,586	1,225	0	0	1,586	1,225
Interest and Fiscal Charges	28,591	28,744	0	0	28,591	28,744
Adult Education	0	0	1,856,605	1,569,402	1,856,605	1,569,402
Total Expenses	<u>5,887,280</u>	<u>5,843,001</u>	<u>1,856,605</u>	<u>1,569,402</u>	<u>7,743,885</u>	<u>7,412,403</u>
Increase (Decrease) in Net Assets	(162,721)	(417,571)	177,068	10,755	14,347	(406,816)
Net Assets Beginning of Year	6,239,103	6,656,674	1,349,499	1,338,744	7,588,602	7,995,418
Net Assets End of Year	<u>\$6,076,382</u>	<u>\$6,239,103</u>	<u>\$1,526,567</u>	<u>\$1,349,499</u>	<u>\$7,602,949</u>	<u>\$7,588,602</u>

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Unaudited

Governmental Activities

Net assets of the Career Center's governmental activities decreased by \$162,721 and \$417,571 in fiscal years 2005 and 2004, respectively. Total governmental expenses of \$5,887,280 exceeded the program revenues of \$950,701 and general revenues of \$4,773,858 for fiscal year 2005. Total governmental expenses of \$5,843,001 exceeded the program revenues of \$945,138 and general revenues of \$4,480,292 for fiscal year 2004.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 83.60 percent and 64.8 percent of the total revenue in fiscal year 2005 and 2004, respectively. The remaining 16.40 percent and 35.20 percent of revenue, in fiscal year 2005 and 2004, respectively, is from program revenues, interest, and miscellaneous local sources.

In recent years, the State, in terms of foundation increases, has implemented weighted funding for special education students and career-tech students, and ADM funding. The ADM funding increased 2.2% from fiscal year 2003 to fiscal year 2004 and from fiscal year 2004 to fiscal year 2005 with the Career Center maintaining approximately the same enrollment between fiscal year 2004 to fiscal year 2005. The Career Center experienced a decrease of enrollment for fiscal year 2004 of 38 students thus reflecting a decrease in our foundation payment from the State during fiscal year 2004 compared to fiscal year 2003.

Under program expenses for fiscal year 2005, the Career Center eliminated three vocational instructors, one in Health Technologies, one in Agricultural Diesel, and one in the Business Department, thus showing a decrease under vocational expenditures.

Under program expenses for fiscal year 2004, the Career Center eliminated our Agriculture Cooperation program. That instructor filled a vacancy created by a retirement.

In fiscal year 2005, program revenues covered 16.1 percent of program expenses overall. The remaining 83.9 percent is supported through tax revenues and other general revenues. In fiscal year 2005, however, expenses totaled 102.8 percent of revenues, resulting in a decrease in net assets of \$162,721.

In fiscal year 2004, program revenues covered 16.2 percent of program expenses overall. The remaining 83.8 percent is supported through tax revenues and other general revenues. In fiscal year 2004, however, expenses totaled 107.7 percent of revenues, resulting in a decrease in net assets of \$417,571.

Business-Type Activity

The business-types activities involve the School's adult education program. This program had revenues of \$2,033,673 and expenses of \$1,856,605 for fiscal year 2005 and revenues of \$1,580,157 and expenses of \$1,569,402 for fiscal year 2004.

Table 4 shows the total cost of services and the net cost of services for fiscal year 2005 compared to fiscal year 2004. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements. Comparisons to 2003 have not been made since they are not available.

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Management's Discussion and Analysis
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 Unaudited

Table 4
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2005	2004	2005	2004
Program Expenses				
Instruction:				
Regular	\$699,309	\$664,215	\$699,309	\$664,215
Special	4,710	4,905	4,710	4,905
Vocational	2,363,279	2,466,185	1,908,472	1,943,346
Adult/Continuing	33,430	24,581	33,430	553
Support Services:				
Pupils	382,087	288,000	153,530	157,868
Instructional Staff	428,614	340,058	385,286	328,560
Board of Education	16,231	13,866	16,231	13,866
Administration	511,848	521,119	498,641	499,761
Fiscal	212,521	223,249	212,521	223,249
Business	56,841	50,196	56,841	50,196
Operation and Maintenance of Plant	785,387	862,680	785,387	861,325
Central	160,154	198,487	122,595	95,717
Operation of Non-Instructional Services:				
Other	94,873	49,978	94,873	49,978
Food Service Operations	107,819	105,513	(65,424)	(25,645)
Extracurricular Activities	1,586	1,225	1,586	1,225
Interest and Fiscal Charges	28,591	28,744	28,591	28,744
Total	\$5,887,280	\$5,843,001	\$4,936,579	\$4,897,863

As you can see, the reliance upon local tax revenues for governmental activities is crucial. For fiscal year 2005, 33 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 45 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2005, approximately 67 percent of instruction activities were supported through taxes and State subsidies. As you can see from Table 4, the food service program is the only self-supporting program; meaning that no general revenues fund this activity.

For fiscal year 2004, 32 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 43 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2004, approximately 72 percent of instruction activities were supported through taxes and State subsidies. As you can see from Table 4, the food service program is the only self-supporting program; meaning that no general revenues fund this activity.

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The Career Center Funds

In fiscal year 2005, the Career Center's governmental funds reported a combined fund balance of \$1,588,597, an increase of \$30,999 from fiscal year 2004. All governmental funds had total revenues of \$5,760,690 and expenditures of \$5,767,677. In fiscal year 2004, the Career Center's governmental funds reported a combined fund balance of \$1,557,598, a decrease of \$83,848 from fiscal year 2003. All governmental funds had total revenues of \$5,532,438 and expenditures of \$5,612,023. The June 30, 2003 fund balances have been restated as described in Note 3 to the basic financial statements.

The Career Center's major fund, the General Fund, is accounted for using the modified accrual basis of accounting. The \$60,815 increase, in fiscal year 2005, in fund balance can be attributed to the elimination of three vocational instructor positions following their retirements. The \$202,662 decrease, in fiscal year 2004, in fund balance can be attributed to expenditures exceeding revenues, thus utilizing the carry-over balance.

General Fund Budgeting Highlights

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

During the course of fiscal 2005 and 2004, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund in fiscal year 2005, budget basis revenue was \$5,212,371, above original estimates of \$4,956,117. The difference was due to increased tax collection and interest earned on invested funds. Expenditures of \$5,329,370 were lower than original appropriations of \$5,720,517.

For the General Fund in fiscal year 2004, budget basis revenue was \$4,966,738, below original estimates of \$5,120,414. The difference was due to less state foundation funding being collected than had been anticipated. Expenditures of \$5,393,073 were higher than original appropriations of \$5,355,514.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the Career Center had \$5,651,560 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows fiscal year 2005 balances compared to 2004.

Washington County Career Center, Ohio
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(Table 5)
 Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2005	2004	2005	2004	2005	2004
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Buildings and Improvements	4,096,452	4,152,595	0	0	4,096,452	4,152,595
Furniture and Equipment	1,307,990	1,369,505	150,672	148,323	1,458,662	1,517,828
Vehicles	40,821	35,193	7,625	9,125	48,446	44,318
Totals	<u>\$5,493,263</u>	<u>\$5,605,293</u>	<u>\$158,297</u>	<u>\$157,448</u>	<u>\$5,651,560</u>	<u>\$5,762,741</u>

During fiscal year 2005, the Career Center purchased a forklift, backhoe, computers, printers, copiers, a metal sheer, 1999 Ford Expedition, and other equipment for its governmental activities. Under the business-type activity, the Career Center purchased three welders, grinders, 13 notebook computers, and three storage cabinets. See Note 10 to the basic financial statements for more information on capital assets.

At the end of fiscal year 2004, the Career Center had \$5,762,741 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 6 shows fiscal year 2004 balances compared to 2003.

(Table 6)
 Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2004	2003	2004	2003	2004	2003
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Buildings and Improvements	4,152,595	4,208,738	0	0	4,152,595	4,208,738
Furniture and Equipment	1,369,505	1,577,675	148,323	127,299	1,517,828	1,704,974
Vehicles	35,193	26,529	9,125	10,625	44,318	37,154
Totals	<u>\$5,605,293</u>	<u>\$5,860,942</u>	<u>\$157,448</u>	<u>\$137,924</u>	<u>\$5,762,741</u>	<u>\$5,998,866</u>

During fiscal year 2004, the Career Center purchased oscilloscopes, lathes, a floor scrubber, computers, projectors, a spray paint booth, a camera, a steer loader, a 4x4 truck, and other equipment for its governmental activities. Under the business-type activity, the Career Center purchased two planers, four saws, a router, projectors, and miscellaneous other equipment. See Note 10 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2005, the Career Center governmental activities had \$505,000 in energy conservation notes outstanding which had been issued in fiscal year 2003, and \$30,232 in capital leases outstanding. See Note 15 to the basic financial statements for more information on debt.

At June 30, 2004, the Career Center governmental activities had \$535,000 in energy conservation notes outstanding which had been issued in fiscal year 2003, and \$6,328 in capital leases outstanding. The Career Center's business-type activity had \$2,211 in capital leases outstanding. See Note 15 to the basic financial statements for more information on debt.

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2005 and 2004
Unaudited

Challenges and Opportunities

The vision of the Washington County Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, Washington County Career Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. Washington County Career Center establishes a relationship with staff, students, parents, and community businesses that allow all learners to reach their full potential.

The mission of the Washington County Career Center is to provide career options through technical and academic education in a secure environment, resulting in knowledgeable and skilled individuals who are prepared for future opportunities and productive citizenship.

The Adult Technical Training Department of the Washington County Career Center is a state-supported institution. Certificates are awarded to all students satisfactorily completing a program. Adult Vocational Education programs allow students to upgrade themselves in their present job, retrain for a job they may not have worked at for sometime, or prepare for a new career. Students obtain both theoretical knowledge and practical experience through well-equipped laboratories, which provide up-to-date "hands-on" training experiences.

The mission of the Washington County Career Center Adult Education Department is to design, develop, and implement training that meets the needs of local business, industry, and individuals. We are dedicated to providing progressive solutions that lead to increased productivity and to enhancing individual employment opportunities and the quality of life in the Mid-Ohio Valley.

In order to meet the goals mentioned above, it is imperative that the Career Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

The Washington County Career Center has achieved a large measure of financial stability in the past. Administrators and staff are cognizant of the vulnerability of stability and the Board of Education and administrators continue to closely monitor both revenues and expenses. The Treasurer continues to monitor revenues and expenditures to ascertain that actual revenues meet or exceed estimated revenues and actual expenditures do not exceed estimates.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mary Bee, Treasurer at the Washington County Career Center, 21740 SR 676, Marietta, Ohio 45750, or E-Mail at maryb@seovec.org.

Washington County Career Center, Ohio

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,934,665	\$1,245,233	\$3,179,898
Cash and Cash Equivalents with Fiscal Agents	159	0	159
Materials and Supplies Inventory	38,723	46,403	85,126
Intergovernmental Receivable	47,055	90,769	137,824
Prepaid Items	53,847	6,330	60,177
Internal Balances	(9,132)	9,132	0
Accounts Receivable	6,318	108,996	115,314
Property Taxes Receivable	2,036,028	0	2,036,028
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	5,445,263	158,297	5,603,560
<i>Total Assets</i>	<u>9,600,926</u>	<u>1,665,160</u>	<u>11,266,086</u>
Liabilities			
Accounts Payable	37,038	20,795	57,833
Accrued Wages and Benefits Payable	393,763	43,266	437,029
Accrued Interest Payable	2,242	0	2,242
Vacation Benefits Payable	22,203	3,905	26,108
Deferred Revenue	1,933,460	0	1,933,460
Matured Interest Payable	159	0	159
Intergovernmental Payable	74,296	12,529	86,825
Long-Term Liabilities:			
Due Within One Year	49,863	0	49,863
Due In More Than One Year	1,011,520	58,098	1,069,618
<i>Total Liabilities</i>	<u>3,524,544</u>	<u>138,593</u>	<u>3,663,137</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,958,031	158,297	5,116,328
Restricted for:			
Capital Projects	1,132	0	1,132
Other Purposes	119	0	119
Unclaimed Monies	154	0	154
Capital Improvement Set-aside	11,217	0	11,217
Budget Stabilization	28,932	0	28,932
Unrestricted	1,076,797	1,368,270	2,445,067
<i>Total Net Assets</i>	<u>\$6,076,382</u>	<u>\$1,526,567</u>	<u>\$7,602,949</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues			Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activity	Total
Governmental Activities						
Instruction:						
Regular	\$699,309	\$0	\$0	(\$699,309)	\$0	(\$699,309)
Special	4,710	0	0	(4,710)	0	(4,710)
Vocational	2,363,279	136,890	317,917	(1,908,472)	0	(1,908,472)
Adult/Continuing	33,430	0	0	(33,430)	0	(33,430)
Support Services:						
Pupils	382,087	0	228,557	(153,530)	0	(153,530)
Instructional Staff	428,614	0	43,328	(385,286)	0	(385,286)
Board of Education	16,231	0	0	(16,231)	0	(16,231)
Administration	511,848	804	12,403	(498,641)	0	(498,641)
Fiscal	212,521	0	0	(212,521)	0	(212,521)
Business	56,841	0	0	(56,841)	0	(56,841)
Operation and						
Maintenance of Plant	785,387	0	0	(785,387)	0	(785,387)
Central	160,154	0	37,559	(122,595)	0	(122,595)
Operation of Non-Instructional Services:						
Other	94,873	0	0	(94,873)	0	(94,873)
Food Service Operations	107,819	51,811	121,432	65,424	0	65,424
Extracurricular Activities	1,586	0	0	(1,586)	0	(1,586)
Interest and Fiscal Charges	28,591	0	0	(28,591)	0	(28,591)
<i>Total Governmental Activities</i>	5,887,280	189,505	761,196	(4,936,579)	0	(4,936,579)
Business-Type Activity						
Adult Education	1,856,605	1,616,691	412,937	0	173,023	173,023
<i>Totals</i>	<u>\$7,743,885</u>	<u>\$1,806,196</u>	<u>\$1,174,133</u>	<u>(4,936,579)</u>	<u>173,023</u>	<u>(4,763,556)</u>
General Revenues						
Property Taxes Levied for General Purposes				1,953,758	0	1,953,758
Grants and Entitlements not Restricted to Specific Programs				2,677,478	0	2,677,478
Payments in Lieu of Taxes				19,868	0	19,868
Interest				68,144	0	68,144
Gain on Sale of Capital Assets				2,450	3,757	6,207
Miscellaneous				52,160	288	52,448
<i>Total General Revenues</i>				<u>4,773,858</u>	<u>4,045</u>	<u>4,777,903</u>
<i>Change in Net Assets</i>				(162,721)	177,068	14,347
<i>Net Assets Beginning of Year</i>				<u>6,239,103</u>	<u>1,349,499</u>	<u>7,588,602</u>
<i>Net Assets End of Year</i>				<u>\$6,076,382</u>	<u>\$1,526,567</u>	<u>\$7,602,949</u>

See accompanying notes to the basic financial statements

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Washington County Career Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,851,292	\$43,070	\$1,894,362
Cash and Cash Equivalents with Fiscal Agents	0	159	159
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	40,303	0	40,303
Receivables:			
Property Taxes	2,036,028	0	2,036,028
Accounts	6,318	0	6,318
Intergovernmental	3,971	43,084	47,055
Interfund	12,782	0	12,782
Prepaid Items	52,499	1,348	53,847
Materials and Supplies Inventory	36,530	2,193	38,723
<i>Total Assets</i>	<u>\$4,039,723</u>	<u>\$89,854</u>	<u>\$4,129,577</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$32,685	\$4,353	\$37,038
Accrued Wages and Benefits Payable	362,784	30,979	393,763
Interfund Payable	0	21,914	21,914
Matured Interest Payable	0	159	159
Intergovernmental Payable	63,664	10,632	74,296
Deferred Revenue	2,001,303	12,507	2,013,810
<i>Total Liabilities</i>	<u>2,460,436</u>	<u>80,544</u>	<u>2,540,980</u>
Fund Balances			
Reserved for Encumbrances	145,720	1,221	146,941
Reserved for Property Taxes	35,664	0	35,664
Reserved for Unclaimed Monies	154	0	154
Reserved for Capital Improvements	11,217	0	11,217
Reserved for Budget Stabilization	28,932	0	28,932
Designated for Budget Stabilization	69,251	0	69,251
Unreserved, Undesignated, Reported in:			
General Fund	1,288,349	0	1,288,349
Special Revenue Funds	0	6,957	6,957
Capital Projects Funds	0	1,132	1,132
<i>Total Fund Balances</i>	<u>1,579,287</u>	<u>9,310</u>	<u>1,588,597</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,039,723</u>	<u>\$89,854</u>	<u>\$4,129,577</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities*
 June 30, 2005

Total Governmental Fund Balances		\$1,588,597
 <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.		5,493,263
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	66,904	
Grants	12,507	
Other	939	80,350
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.		(2,242)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(22,203)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Notes Payable	(505,000)	
Capital Leases Payable	(30,232)	
Sick Leave Benefits Payable	(526,151)	(1,061,383)
 Net Assets of Governmental Activities		 \$6,076,382
 See accompanying notes to the basic financial statements		

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$2,004,421	\$0	\$2,004,421
Intergovernmental	2,955,901	470,417	3,426,318
Interest	68,144	100	68,244
Tuition and Fees	804	10,943	11,747
Customer Services	109,551	51,811	161,362
Payments in Lieu of Taxes	19,868	0	19,868
Miscellaneous	68,526	204	68,730
<i>Total Revenues</i>	<u>5,227,215</u>	<u>533,475</u>	<u>5,760,690</u>
Expenditures			
Current:			
Instruction:			
Regular	687,092	0	687,092
Special	4,710	0	4,710
Vocational	2,187,108	69,368	2,256,476
Support Services:			
Pupils	148,408	225,682	374,090
Instructional Staff	362,017	53,220	415,237
Board of Education	16,231	0	16,231
Administration	485,231	12,710	497,941
Fiscal	214,905	0	214,905
Business	55,947	0	55,947
Operation and Maintenance of Plant	794,410	0	794,410
Central	120,132	51,541	171,673
Operation of Non-Instructional Services	15,062	185,101	200,163
Extracurricular Activities	1,492	0	1,492
Capital Outlay	9,751	0	9,751
Debt Service:			
Principal Retirement	38,911	0	38,911
Interest and Fiscal Charges	28,648	0	28,648
<i>Total Expenditures</i>	<u>5,170,055</u>	<u>597,622</u>	<u>5,767,677</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>57,160</u>	<u>(64,147)</u>	<u>(6,987)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	5,171	0	5,171
Inception of Capital Lease	32,815	0	32,815
Transfers In	78	34,409	34,487
Transfers Out	(34,409)	(78)	(34,487)
<i>Total Other Financing Sources (Uses)</i>	<u>3,655</u>	<u>34,331</u>	<u>37,986</u>
<i>Net Change in Fund Balances</i>	60,815	(29,816)	30,999
<i>Fund Balances Beginning of Year</i>	<u>1,518,472</u>	<u>39,126</u>	<u>1,557,598</u>
<i>Fund Balances End of Year</i>	<u>\$1,579,287</u>	<u>\$9,310</u>	<u>\$1,588,597</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds	\$30,999
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*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 outlays:

Capital Asset Additions	373,718	
Depreciation Expense	<u>(438,477)</u>	(64,759)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(47,271)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Grants	12,052	
Other	30	
Delinquent Taxes	<u>(50,663)</u>	(38,581)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	38,911
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The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net assets.	(32,815)
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In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.	57
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Some expenses 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.

Intergovernmental Payable	7,679	
Vacation Benefits Payable	(202)	
Sick Leave Benefits Payable	<u>(56,739)</u>	<u>(49,262)</u>

<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$162,721)</u></u>
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See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$1,816,686	\$1,816,686	\$1,997,754	\$181,068
Intergovernmental	2,913,372	3,043,297	2,956,964	(86,333)
Interest	31,100	31,100	60,999	29,899
Tuition and Fees	1,100	1,100	804	(296)
Customer Services	119,125	119,125	105,580	(13,545)
Payments in Lieu of Taxes	9,934	9,934	19,868	9,934
Miscellaneous	64,800	66,743	70,402	3,659
<i>Total Revenues</i>	<u>4,956,117</u>	<u>5,087,985</u>	<u>5,212,371</u>	<u>124,386</u>
Expenditures				
Current:				
Instruction:				
Regular	687,381	687,381	683,150	4,231
Special	8,522	8,522	4,720	3,802
Vocational	2,463,427	2,543,649	2,220,026	323,623
Support Services:				
Pupils	147,905	187,905	156,539	31,366
Instructional Staff	336,208	336,208	351,189	(14,981)
Board of Education	18,950	18,950	16,334	2,616
Administration	510,561	519,534	492,729	26,805
Fiscal	239,064	239,068	216,334	22,734
Business	53,002	53,002	57,341	(4,339)
Operation and Maintenance of Plant	1,021,481	1,021,673	894,597	127,076
Central	122,629	140,636	134,193	6,443
Operation of Non-Instructional Services	14,670	14,670	15,817	(1,147)
Extracurricular Activities	20,000	20,000	1,492	18,508
Capital Outlay	14,717	14,717	27,664	(12,947)
Debt Service:				
Principal	50,000	50,000	30,000	20,000
Interest	12,000	12,000	27,245	(15,245)
<i>Total Expenditures</i>	<u>5,720,517</u>	<u>5,867,915</u>	<u>5,329,370</u>	<u>538,545</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(764,400)</u>	<u>(779,930)</u>	<u>(116,999)</u>	<u>662,931</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	5,171	5,171
Advances In	0	0	137,949	137,949
Transfers In	0	0	78	78
Refund of Prior Year Expenditures	1,000	1,000	611	(389)
Advances Out	0	0	(106,168)	(106,168)
Transfers Out	(40,011)	(40,011)	(34,409)	5,602
<i>Total Other Financing Sources (Uses)</i>	<u>(39,011)</u>	<u>(39,011)</u>	<u>3,232</u>	<u>42,243</u>
<i>Net Change in Fund Balance</i>	(803,411)	(818,941)	(113,767)	705,174
<i>Fund Balance Beginning of Year</i>	1,575,135	1,575,135	1,575,135	0
Prior Year Encumbrances Appropriated	232,812	232,812	232,812	0
<i>Fund Balance End of Year</i>	<u>\$1,004,536</u>	<u>\$989,006</u>	<u>\$1,694,180</u>	<u>\$705,174</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fund Net Assets

Enterprise Fund

June 30, 2005

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,245,233
Materials and Supplies Inventory	46,403
Accounts Receivable	108,996
Interfund Receivable	9,132
Intergovernmental Receivable	90,769
Prepaid Items	<u>6,330</u>
<i>Total Current Assets</i>	1,506,863
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>158,297</u>
<i>Total Assets</i>	<u>1,665,160</u>
Liabilities	
Current Liabilities:	
Accounts Payable	20,795
Accrued Wages and Benefits	43,266
Intergovernmental Payable	12,529
Vacation Benefits Payable	<u>3,905</u>
<i>Total Current Liabilities</i>	<u>80,495</u>
Long-term Liability:	
Sick Leave Benefits Payable	<u>58,098</u>
<i>Total Long-term Liability</i>	<u>58,098</u>
<i>Total Liabilities</i>	<u>138,593</u>
Net Assets	
Invested in Capital Assets, net of related debt	158,297
Unrestricted	<u>1,368,270</u>
Total Net Assets	<u><u>\$1,526,567</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Revenues,

Expenses and Changes in Fund Net Assets

Enterprise Fund

For the Fiscal Year Ended June 30, 2005

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Operating Revenues	
Tuition	\$1,616,691
Other	288
<i>Total Operating Revenues</i>	<u>1,616,979</u>
Operating Expenses	
Salaries	851,707
Fringe Benefits	239,576
Purchased Services	362,769
Materials and Supplies	372,671
Depreciation	25,164
Other	4,679
<i>Total Operating Expenses</i>	<u>1,856,566</u>
<i>Operating Loss</i>	<u>(239,587)</u>
Non-Operating Revenues (Expenses)	
Interest	(39)
Gain on Sale of Capital Assets	3,757
Federal and State Subsidies	412,937
<i>Total Non-Operating Revenues (Expenses)</i>	<u>416,655</u>
<i>Net Change in Net Assets</i>	177,068
<i>Net Assets at Beginning of Year</i>	<u>1,349,499</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,526,567</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Cash Flows

Enterprise Fund

For the Fiscal Year Ended June 30, 2005

	Business-Type Activity
	Adult Education Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,558,091
Cash Received from Other Operating Revenues	288
Cash Payments to Suppliers for Goods and Services	(752,528)
Cash Payments for Employee Services	(824,925)
Cash Payments for Employee Benefits	(236,443)
Cash Payments for Other Operating Expenses	(4,679)
Net Cash Used for Operating Activities	(260,196)
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	411,947
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	3,767
Capital Lease Principal Payments	(2,211)
Capital Lease Interest Payments	(39)
Payments for Capital Acquisitions	(26,023)
Net Cash Used for Capital and Related Financing Activities	(24,506)
<i>Net Decrease in Cash and Cash Equivalents</i>	127,245
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,117,988
<i>Cash and Cash Equivalents at End of Year</i>	\$1,245,233
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$239,587)
Depreciation	25,164
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(22,134)
Increase in Accounts Receivable	(55,338)
Decrease in Intergovernmental Receivable	9,255
Increase in Prepaid Items	(945)
Increase in Interfund Receivable	(9,132)
Increase in Accounts Payable	2,308
Increase in Accrued Wages and Benefits Payable	11,377
Increase in Vacation Benefits Payable	186
Increase in Sick Leave Benefits Payable	15,219
Increase in Intergovernmental Payable	4,078
Decrease in Interfund Payable	(647)
Net Cash Used for Operating Activities	(260,196)

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2005

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$74,363</u>
Liabilities	
Due to Students	<u>\$74,363</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,878,179	\$1,117,988	\$2,996,167
Cash and Cash Equivalents with Fiscal Agents	159	0	159
Materials and Supplies Inventory	36,925	24,269	61,194
Intergovernmental Receivable	51,905	99,034	150,939
Prepaid Items	47,590	5,385	52,975
Internal Balances	647	0	647
Accounts Receivable	2,525	53,658	56,183
Property Taxes Receivable	1,946,358	0	1,946,358
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	5,557,293	157,448	5,714,741
<i>Total Assets</i>	<u>9,569,581</u>	<u>1,457,782</u>	<u>11,027,363</u>
Liabilities			
Accounts Payable	53,046	18,487	71,533
Accrued Wages and Benefits Payable	374,570	31,889	406,459
Accrued Interest Payable	2,299	0	2,299
Vacation Benefits Payable	22,001	3,719	25,720
Interfund Payable	0	647	647
Deferred Revenue	1,799,794	0	1,799,794
Matured Interest Payable	159	0	159
Intergovernmental Payable	67,869	8,451	76,320
Long-Term Liabilities:			
Due Within One Year	33,901	2,211	36,112
Due In More Than One Year	976,839	42,879	1,019,718
<i>Total Liabilities</i>	<u>3,330,478</u>	<u>108,283</u>	<u>3,438,761</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,063,965	155,237	5,219,202
Restricted for:			
Capital Projects	2,332	0	2,332
Other Purposes	2,370	0	2,370
Unclaimed Monies	124	0	124
Capital Improvement Set-aside	3,880	0	3,880
Budget Stabilization	28,932	0	28,932
Unrestricted	1,137,500	1,194,262	2,331,762
<i>Total Net Assets</i>	<u>\$6,239,103</u>	<u>\$1,349,499</u>	<u>\$7,588,602</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues		Net (Expense)Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activity	Total
Governmental Activities						
Instruction:						
Regular	\$664,215	\$0	\$0	(\$664,215)	\$0	(\$664,215)
Special	4,905	0	0	(4,905)	0	(4,905)
Vocational	2,466,185	154,723	368,116	(1,943,346)	0	(1,943,346)
Adult/Continuing	24,581	0	24,028	(553)	0	(553)
Support Services:						
Pupils	288,000	0	130,132	(157,868)	0	(157,868)
Instructional Staff	340,058	0	11,498	(328,560)	0	(328,560)
Board of Education	13,866	0	0	(13,866)	0	(13,866)
Administration	521,119	994	20,364	(499,761)	0	(499,761)
Fiscal	223,249	0	0	(223,249)	0	(223,249)
Business	50,196	0	0	(50,196)	0	(50,196)
Operation and						
Maintenance of Plant	862,680	0	1,355	(861,325)	0	(861,325)
Central	198,487	0	102,770	(95,717)	0	(95,717)
Operation of Non-Instructional Services:						
Other	49,978	0	0	(49,978)	0	(49,978)
Food Service Operations	105,513	48,101	83,057	25,645	0	25,645
Extracurricular Activities	1,225	0	0	(1,225)	0	(1,225)
Interest and Fiscal Charges	28,744	0	0	(28,744)	0	(28,744)
<i>Total Governmental Activities</i>	5,843,001	203,818	741,320	(4,897,863)	0	(4,897,863)
Business-Type Activity						
Adult Education	1,569,402	1,222,788	357,215	0	10,601	10,601
<i>Totals</i>	<u>\$7,412,403</u>	<u>\$1,426,606</u>	<u>\$1,098,535</u>	<u>(4,897,863)</u>	<u>10,601</u>	<u>(4,887,262)</u>
General Revenues						
Property Taxes Levied for General Purposes				1,870,020	0	1,870,020
Grants and Entitlements not Restricted to Specific Programs				2,529,455	0	2,529,455
Payments in Lieu of Taxes				9,934	0	9,934
Interest				30,656	0	30,656
Miscellaneous				40,227	154	40,381
<i>Total General Revenues</i>				<u>4,480,292</u>	<u>154</u>	<u>4,480,446</u>
<i>Change in Net Assets</i>				(417,571)	10,755	(406,816)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>				<u>6,656,674</u>	<u>1,338,744</u>	<u>7,995,418</u>
<i>Net Assets End of Year</i>				<u>\$6,239,103</u>	<u>\$1,349,499</u>	<u>\$7,588,602</u>

See accompanying notes to the basic financial statements

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Washington County Career Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,777,581	\$67,786	\$1,845,367
Cash and Cash Equivalents with Fiscal Agents	0	159	159
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	32,812	0	32,812
Receivables:			
Property Taxes	1,946,358	0	1,946,358
Accounts	2,525	0	2,525
Intergovernmental	7,313	44,592	51,905
Interfund	44,563	647	45,210
Prepaid Items	46,443	1,147	47,590
Materials and Supplies Inventory	33,574	3,351	36,925
<i>Total Assets</i>	<u>\$3,891,169</u>	<u>\$117,682</u>	<u>\$4,008,851</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$52,789	\$257	\$53,046
Accrued Wages and Benefits Payable	346,724	27,846	374,570
Interfund Payable	0	44,563	44,563
Matured Interest Payable	0	159	159
Intergovernmental Payable	54,914	5,276	60,190
Deferred Revenue	1,918,270	455	1,918,725
<i>Total Liabilities</i>	<u>2,372,697</u>	<u>78,556</u>	<u>2,451,253</u>
Fund Balances			
Reserved for Encumbrances	184,276	3,050	187,326
Reserved for Property Taxes	28,997	0	28,997
Reserved for Unclaimed Monies	124	0	124
Reserved for Capital Improvements	3,880	0	3,880
Reserved for Budget Stabilization	28,932	0	28,932
Designated for Budget Stabilization	69,251	0	69,251
Unreserved, Undesignated, Reported in:			
General Fund	1,203,012	0	1,203,012
Special Revenue Funds	0	34,944	34,944
Capital Projects Funds	0	1,132	1,132
<i>Total Fund Balances</i>	<u>1,518,472</u>	<u>39,126</u>	<u>1,557,598</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,891,169</u>	<u>\$117,682</u>	<u>\$4,008,851</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances		\$1,557,598
 <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.		5,605,293
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	117,567	
Grants	455	
Other	909	118,931
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.		(2,299)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(22,001)
Intergovernmental Payable includes contractually required pension contributions which are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(7,679)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Notes Payable	(535,000)	
Capital Leases Payable	(6,328)	
Sick Leave Benefits Payable	(469,412)	(1,010,740)
 Net Assets of Governmental Activities		 <u><u>\$6,239,103</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$1,821,425	\$0	\$1,821,425
Intergovernmental	2,874,176	552,743	3,426,919
Interest	30,656	100	30,756
Tuition and Fees	994	11,836	12,830
Customer Services	132,945	48,101	181,046
Payments in Lieu of Taxes	9,934	0	9,934
Miscellaneous	48,960	568	49,528
<i>Total Revenues</i>	<u>4,919,090</u>	<u>613,348</u>	<u>5,532,438</u>
Expenditures			
Current:			
Instruction:			
Regular	645,688	0	645,688
Special	4,905	0	4,905
Vocational	2,257,395	86,637	2,344,032
Adult/Continuing	0	24,581	
Support Services:			
Pupils	143,597	129,806	273,403
Instructional Staff	311,302	15,258	326,560
Board of Education	13,866	0	13,866
Administration	467,967	24,389	492,356
Fiscal	220,609	0	220,609
Business	48,036	0	48,036
Operation and Maintenance of Plant	811,398	1,387	812,785
Central	81,263	108,701	189,964
Operation of Non-Instructional Services	15,834	134,584	150,418
Extracurricular Activities	1,131	0	1,131
Capital Outlay	21,673	0	21,673
Debt Service:			
Principal Retirement	37,800	0	37,800
Interest and Fiscal Charges	28,797	0	28,797
<i>Total Expenditures</i>	<u>5,111,261</u>	<u>525,343</u>	<u>5,612,023</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(192,171)</u>	<u>88,005</u>	<u>(104,166)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	20,318	0	20,318
Transfers In	0	30,809	30,809
Transfers Out	(30,809)	0	(30,809)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,491)</u>	<u>30,809</u>	<u>20,318</u>
<i>Net Change in Fund Balances</i>	(202,662)	118,814	(83,848)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	1721,134	(79,688)	1,641,446
<i>Fund Balances End of Year</i>	<u>\$1,518,472</u>	<u>\$39,126</u>	<u>\$1,557,598</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004*

Net Change in Fund Balances - Total Governmental Funds (\$83,848)

*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 outlays:

Capital Asset Additions	145,969	
Depreciation Expense	<u>(328,222)</u>	(182,253)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (73,396)

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

Grants	(156,512)	
Other	909	
Delinquent Taxes	<u>48,595</u>	(107,008)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 37,800

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. 53

Some expenses 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.

Intergovernmental Payable	(4,640)	
Vacation Benefits Payable	(2,056)	
Sick Leave Benefits Payable	<u>(2,223)</u>	<u>(8,919)</u>

Change in Net Assets of Governmental Activities (\$417,571)

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$1,816,686	\$1,816,686	\$1,833,935	\$17,249
Intergovernmental	3,125,903	2,919,069	2,863,479	(55,590)
Interest	48,000	31,100	31,090	(10)
Tuition and Fees	1,600	1,100	1,026	(74)
Customer Services	70,125	69,125	141,975	72,850
Payments in Lieu of Taxes	0	9,934	9,934	0
Miscellaneous	58,100	83,626	85,299	1,673
<i>Total Revenues</i>	<u>5,120,414</u>	<u>4,930,640</u>	<u>4,966,738</u>	<u>36,098</u>
Expenditures				
Current:				
Instruction:				
Regular	384,947	666,608	665,112	1,496
Special	8,522	8,522	4,925	3,597
Vocational	2,456,064	2,552,740	2,401,375	151,365
Support Services:				
Pupils	84,250	147,719	136,539	11,180
Instructional Staff	317,551	335,971	318,973	16,998
Board of Education	19,075	19,075	14,191	4,884
Administration	495,759	517,634	479,477	38,157
Fiscal	239,268	239,707	222,687	17,020
Business	52,734	53,862	48,120	5,742
Operation and Maintenance of Plant	1,004,041	1,031,924	905,299	126,625
Central	186,954	119,500	97,295	22,205
Operation of Non-Instructional Services	9,989	16,489	16,004	485
Extracurricular Activities	20,000	20,000	1,131	18,869
Capital Outlay	14,360	14,360	24,040	(9,680)
Debt Service:				
Principal	50,000	50,000	30,000	20,000
Interest	12,000	12,000	27,905	(15,905)
<i>Total Expenditures</i>	<u>5,355,514</u>	<u>5,806,111</u>	<u>5,393,073</u>	<u>413,038</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(235,100)</u>	<u>(875,471)</u>	<u>(426,335)</u>	<u>449,136</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	50,000	50,000	20,318	(29,682)
Advances In	0	263,739	263,739	0
Transfers In	0	126,200	0	(126,200)
Refund of Prior Year Expenditures	1,000	1,000	133	(867)
Advances Out	0	(177,541)	(177,541)	0
Transfers Out	0	(28,196)	(30,809)	(2,613)
<i>Total Other Financing Sources (Uses)</i>	<u>51,000</u>	<u>235,202</u>	<u>75,840</u>	<u>(159,362)</u>
<i>Net Change in Fund Balance</i>	(184,100)	(640,269)	(350,495)	289,774
<i>Fund Balance Beginning of Year</i>	1,708,709	1,708,709	1,708,709	0
Prior Year Encumbrances Appropriated	216,921	216,921	216,921	0
<i>Fund Balance End of Year</i>	<u>\$1,741,530</u>	<u>\$1,285,361</u>	<u>\$1,575,135</u>	<u>\$289,774</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fund Net Assets

Enterprise Fund

June 30, 2004

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,117,988
Materials and Supplies Inventory	24,269
Intergovernmental Receivable	99,034
Prepaid Items	5,385
Accounts Receivable	<u>53,658</u>
<i>Total Current Assets</i>	1,300,334
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>157,448</u>
<i>Total Assets</i>	<u>1,457,782</u>
Liabilities	
Current Liabilities:	
Accounts Payable	18,487
Accrued Wages and Benefits Payable	31,889
Vacation Benefits Payable	3,719
Intergovernmental Payable	8,451
Interfund Payable	647
Capital Leases	<u>2,211</u>
<i>Total Current Liabilities</i>	<u>65,404</u>
Long-term Liability:	
Sick Leave Benefits Payable	<u>42,879</u>
<i>Total Long-term Liability</i>	<u>42,879</u>
<i>Total Liabilities</i>	<u>108,283</u>
Net Assets	
Invested in Capital Assets	155,237
Unrestricted	<u>1,194,262</u>
Total Net Assets	<u><u>\$1,349,499</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Revenues,

Expenses and Changes in Fund Net Assets

Enterprise Fund

For the Fiscal Year Ended June 30, 2004

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Operating Revenues	
Tuition	\$1,222,788
Other	154
<i>Total Operating Revenues</i>	<u>1,222,942</u>
Operating Expenses	
Salaries	759,400
Fringe Benefits	227,738
Purchased Services	315,926
Materials and Supplies	240,491
Depreciation	25,401
Other	75
<i>Total Operating Expenses</i>	<u>1,569,031</u>
<i>Operating Loss</i>	<u>(346,089)</u>
Non-Operating Revenues (Expenses)	
Interest	(371)
Federal and State Subsidies	357,215
<i>Total Non-Operating Revenues (Expenses)</i>	<u>356,844</u>
<i>Net Change in Net Assets</i>	10,755
<i>Net Assets at Beginning of Year - Restated (See Note 3)</i>	<u>1,338,744</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,349,499</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Cash Flows

Enterprise Fund

For the Fiscal Year Ended June 30, 2004

	Business-Type Activity
	Adult Education Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,207,329
Cash Received from Other Operating Revenues	154
Cash Payments to Suppliers for Goods and Services	(556,625)
Cash Payments for Employee Services	(781,135)
Cash Payments for Employee Benefits	(238,490)
Cash Payments for Other Operating Expenses	(75)
Net Cash Used for Operating Activities	<u>(368,842)</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	<u>389,701</u>
Cash Flows from Capital and Related Financing Activities	
Capital Lease Principal Payments	(4,159)
Capital Lease Interest Payments	(371)
Payments for Capital Acquisitions	<u>(44,925)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(49,455)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	(28,596)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,146,584</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,117,988</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	<u>(\$346,089)</u>
Depreciation	25,401
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	13,153
Increase in Accounts Receivable	31,012
Decrease in Intergovernmental Receivable	(58,437)
Increase in Prepaid Items	927
Increase in Accounts Payable	1,258
Increase in Accrued Wages and Benefits Payable	(31,322)
Increase in Vacation Benefits Payable	3,719
Increase in Sick Leave Benefits Payable	1,027
Increase in Intergovernmental Payable	(10,048)
Decrease in Interfund Payable	<u>557</u>
Net Cash Used for Operating Activities	<u><u>(\$368,842)</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2004

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$83,508</u>
Liabilities	
Due to Students	<u>\$83,508</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2005 and 2004

Note 1 - Description of the Career Center and Reporting Entity

The Washington County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following elected Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Washington County Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The Career Center exposes students to job training leading to employment upon graduation from high school.

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. In fiscal year 2005 it is staffed by 22 classified employees and 50 certificated employees who provide services to 378 Washington County juniors and seniors and 1,264 adult students through the adult education department evening classes and customized training for business and industry. In fiscal year 2004 it was staffed by 22 classified employees and 54 certificated employees who provided services to 377 Washington County juniors and seniors and 1,227 adult students.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt, or the levying of taxes. The Career Center has no component units.

The Career Center participates in the Southeastern Ohio Voluntary Education Cooperative, the Coalition of Rural and Appalachian Schools, and the South Eastern Ohio Special Education Regional Resource Center, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activity and to its enterprise fund unless those pronouncements conflict with or contradict GASB pronouncements.

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The Career Center has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the Career Center's accounting policies are described below.

A. Basis of Presentation

The Career Center's basic financial statements consist of government-wide 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 Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Career Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career 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 and grants, contributions, and interest 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 Career 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 Career Center.

Fund Financial Statements During the fiscal year, the Career Center segregates transactions related to certain Career Center 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 Career Center at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

B. Fund Accounting

The Career 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 Career Center are divided into three categories: governmental, proprietary, and fiduciary.

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

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

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The Career Center has no internal service funds.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Career Center's only enterprise fund accounts for the operation of the Career Center's adult education program.

Fiduciary Fund Type 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary fund is an agency fund, which accounts for student activities.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances 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 fund financial statements for governmental funds.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there was an enforceable legal claim as of June 30, 2005 and 2004, but which were levied to finance fiscal year 2005 and 2006 operations, are 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 are reported as deferred revenue.

Expenses/Expenditures On the accrual basis, 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 governmental funds.

E. Cash and Cash Equivalents

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

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The Career Center's only investment during fiscal years 2005 and 2004 was the State Treasury Asset Reserve of Ohio (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, 2005 and 2004.

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 2005 and 2004 amounted to \$68,144 and \$30,656, respectively, which includes \$36,220 and \$13,106, respectively, assigned from other Career Center funds.

The Career Center utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agents" and represents deposits.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005 and 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption and donated and purchased food.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 on the fund financial statements. Capital assets utilized by the Adult Education Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net assets and in the fund.

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

All reported capital assets, except land, land improvements, and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	75 - 100 years
Furniture and Equipment	5 - 48 years
Vehicles	5 - 23 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets, except for any net residual amounts due between governmental and the business-type activity. These amounts are presented as "Internal Balances".

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions of enabling legislation. Restricted assets include amounts required by statute to be set-aside by the Career Center for the acquisition or construction of capital assets and the unspent workers' compensation refund monies required to be maintained for budget stabilization, and unclaimed monies. See Note 20 for additional information regarding set-asides.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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 Career Center has identified as probable of receiving payment 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 Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for classified and certified employees with after one year of service with the Career Center.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and 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 during the current year. Long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Interfund Activity

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

N. Fund Balance Reserves/Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five-year period are presented as reserved. The reserve for budget stabilization represents money set-aside to protect the Career Center from cyclical changes in revenues and expenditures.

The Career Center has a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$41,554 of restricted net assets for fiscal year 2005 and \$37,638 for fiscal year 2004, of which \$154 and \$124 are restricted by enabling legislation in 2005 and 2004, respectively. Net assets restricted for other purposes include the food service program and local, federal, and state grants restricted to expenditure for specified purposes.

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

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P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are charges for services for adult education programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

S. Budgetary Process

All funds, other than 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 set 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. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 fiscal year.

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Note 3 – Change in Accounting Principles and Restatement of Fund Balance and Net Assets

A. Changes in Accounting Principles

The Career Center has implemented GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences”, and GASB Interpretation No. 6 “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB 34 creates new basic financial statements for reporting on the Career Center’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the Career Center’s programs between business-type activities, if any, and governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2003, and the conversion to the accrual basis of accounting.

For fiscal year 2004, the Career Center has implemented GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”. This Statement further defines the guidelines of GASB Statement No. 14, “The Financial Reporting Entity”. The implementation of this new statement had no effect on the Career Center’s financial statements for fiscal year 2003.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the Career Center not being able to present budgetary comparisons for the general and each major special revenue fund. This Statement had no effect on the budgetary presentation of the Career Center.

For fiscal years 2004 and 2005, the Career Center has implemented GASB Statement No. 40 “Deposit and Investment Risk Disclosures”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation,” and GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers.”

GASB Statement No. 40 prescribes new risk disclosure requirements for deposits and investments.

GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets.

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

The implementation of GASB Statement No. 40, GASB Statement No. 46, and GASB Technical Bulletin No. 2004-2 had no effect on the School District's financial statements for fiscal years 2004 and 2005.

B. Restatement of Fund Balance

It was determined that the Food Service and the Uniform School Supplies Enterprise Funds should be reclassified as special revenue funds. This restatement and the implementation of Interpretation No. 6 had the following effects on the fund balance of major and nonmajor funds of the Career Center as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2003	\$ 1,712,765	\$ (122,217)	\$ 1,590,548
Fund Reclassification	0	38,720	38,720
Intergovernmental Payable	0	461	461
Interpretation 6	8,369	3,348	11,717
Adjusted Fund Balances, June 30, 2003	<u>\$ 1,721,134</u>	<u>\$ (79,688)</u>	1,641,446
GASB 34 Adjustments:			
Capital Assets			5,860,942
Accrued Interest Payable			(2,352)
Pension Obligation			(3,039)
Vacation Benefits Payable			(19,945)
Long-term Liabilities			(1,046,317)
Long-term (Deferred) Assets			225,939
Governmental Activities Net Assets, June 30, 2003			<u>\$ 6,656,674</u>

	<u>Business-Type Activities</u>
Fund Equity, June 30, 2003	\$ 1,392,919
Fund Reclassification	(54,175)
Adjusted Net Assets, June 30, 2003	<u>\$ 1,338,744</u>

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Note 4 – Fund Deficits

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

Special Revenue Funds:

Food Service	\$6,253
Pell Grants	12,507
Miscellaneous Federal Grants	5,419

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

Special Revenue Funds:

Food Service	\$1,395
Miscellaneous Federal Grants	897

The special revenue deficit balances resulted from adjustments for accrued liabilities. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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. Unrecorded cash expenditures represent amount spent but not included as expenditures on the budget basis operating statements. These amounts are included as expenditures on the GAAP basis operating statement.

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The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance		
	2005	2004
GAAP Basis	\$ 60,815	\$ (202,662)
Net Adjustment for Revenue Accruals	(39,903)	47,347
Unreported Interest:		
Beginning of Fiscal Year	2,446	2,880
End of Fiscal Year	(9,591)	(2,446)
Prepaid Items:		
Beginning of Fiscal Year	46,443	47,730
End of Fiscal Year	(52,499)	(46,443)
Net Adjustment for Expenditure Accruals	34,565	(50,287)
Advances In	137,949	263,739
Advances Out	(106,168)	(177,541)
Adjustment for Encumbrances	(187,824)	(232,812)
Budget Basis	\$ (113,767)	\$ (350,495)

Note 6 - Deposits and Investments

State statutes classify monies held by the Career 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 Career Center Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal years ending 2005, \$3,092,399 of the Career Center's bank balance of \$3,272,518 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department of agent. At fiscal year end 2004, none of the Career Center's bank balance of \$613,266 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Career Center's name. Although statutory requirements for the deposit of public money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by FDIC.

The Career Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2005 and 2004, the Career Center had an investment in STAROhio. The carrying and fair value of this investment at June 30, 2005 was \$4,171 and at June 30, 2004 was \$2,315,753 with an average maturity of thirty days.

Credit Risk STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Career Center has no investment policy addressing credit risk.

Note 7 - Property Taxes

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

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Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Career Center. Real property tax revenue received in calendar 2005 and 2004 represents collections of calendar year 2004 and 2003 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 and 2004 represents collections of calendar year 2004 and 2003 taxes, respectively. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 and 2004 (other than public utility property) represents the collection of 2005 and 2004 taxes, respectively. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005 and 2004, are available to finance fiscal year 2005 and 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2005 and 2004, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is deferred. The amount available as an advance at June 30, 2005, was \$35,664 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2004, was \$28,997 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2003, was \$41,476.

Washington County Career Center, Ohio
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The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$768,932,570	69.59%	\$859,510,260	68.74%
Public Utility Personal	118,632,570	10.73%	165,528,650	13.24%
Tangible Personal Property	217,440,830	19.68%	225,356,890	18.02%
Total	<u>\$1,105,005,970</u>	<u>100.00%</u>	<u>\$1,250,395,800</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

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

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$749,473,720	68.24%	\$768,932,570	69.59%
Public Utility Personal	118,001,000	10.74%	118,632,570	10.74%
Tangible Personal Property	230,806,120	21.02%	217,440,830	19.68%
Total	<u>\$1,098,280,840</u>	<u>100.00%</u>	<u>\$1,105,005,970</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

Note 8 - Receivables

Receivables at June 30, 2005 and 2004, consisted of property taxes, accounts (rent, billings for user charged services, and tuition), interfund, and intergovernmental grants. 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. All receivables are expected to be collected within one year.

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A summary of principal items of intergovernmental receivables follows:

	2005	2004
Governmental Activities:		
Services Reimbursement	\$ 3,971	
School Lunch Reimbursement		\$ 2,513
Pell Grant	12,507	
Full Service Grant	68	480
High Schools That Work	214	5,546
Carl Perkins	25,427	32,227
Adult Carl Perkins	1,305	1,356
Shared Beginnings		455
Landscape and Floral Design Grant	995	
5th Quarter Agricultural Education	2,430	2,015
Title IVA	133	
Title IIA	5	
Rollback and Homestead		1,063
Other		6,250
Total Governmental Activities	47,055	51,905
Business-Type Activity:		
Ohio Department of Education	1,620	630
Tuition	89,149	98,404
Total Business-Type Activity	90,769	99,034
Total	\$ 137,824	\$ 150,939

Note 9 - Interfund Activity

A. Transfers

Transfers made during fiscal year 2005 were \$7,000 and \$27,409 to the Food Service and Miscellaneous State Grants Special Revenue Funds from the General Fund. The Miscellaneous State Grants Special Revenue Funds also transferred \$78 to the General Fund. The transfers to the grant funds were to cover additional expenditures of the program not covered by the grant dollars, and the transfer to the Food Service was to cover additional expenditures of the program not covered by user fees and federal and state subsidies. The transfer from the Miscellaneous State Grants Special Revenue Fund to the General Fund was to close out a grant fund.

Transfers made during fiscal year 2004 were \$2,500, \$28,196 and \$113 to the Food Service, Miscellaneous State Grants, and Miscellaneous Federal Grants Special Revenue Funds, respectively, from the General Fund. The transfers to the grant funds were to cover additional expenditures of the program not covered by the grant dollars, and the transfer to the Food Service was to cover additional expenditures of the program not covered by user fees and federal and state subsidies.

Washington County Career Center, Ohio
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B. Balances

Interfund balances at June 30, 2005, from the provision of cash flow resources from the General Fund until the receipt of grant monies by Special Revenue Funds for \$12,782 and provided by the Adult Education Enterprise Fund to the Pell Grants Special Revenue Funds for \$9,132:

	Interfund Receivables	Interfund Payables
General	\$12,782	\$0
Pell Grants	0	9,132
Miscellaneous State Grants	0	2,713
Miscellaneous Federal Grants	0	10,069
Total Special Revenue Funds	0	21,914
Adult Education Enterprise Fund	9,132	0
Total All Funds	\$21,914	\$21,914

Interfund balances at June 30, 2004, consisted of the following for services provided by the General Fund for \$44,563 and provided by the Uniform School Supplies Fund to the Adult Education Enterprise Fund for \$647:

	Interfund Receivables	Interfund Payables
General	\$44,563	\$0
Lunchroom	0	2,000
Uniform School Supplies	647	0
Miscellaneous State Grants	0	8,041
Title II-A	0	34,522
Total Special Revenue Funds	647	44,563
Adult Education Enterprise Fund	0	647
Total All Funds	\$45,210	\$45,210

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Note 10 - Capital Assets

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

	Balance 6/30/2004	Additions	Deductions	Balance 6/30/2005
Governmental Activities:				
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$48,000	\$0	\$0	\$48,000
Depreciable Capital Assets:				
Buildings and Improvements	5,410,109	0	0	5,410,109
Furniture and Equipment	2,575,464	353,418	(255,792)	2,673,090
Vehicles	60,435	20,300	(11,393)	69,342
Total Capital Assets being Depreciated	8,046,008	373,718	(267,185)	8,152,541
Less Accumulated Depreciation				
Buildings and Improvements	(1,257,514)	(56,143)	0	(1,313,657)
Furniture and Equipment	(1,205,959)	(367,662)	208,521	(1,365,100)
Vehicles	(25,242)	(14,672)	11,393	(28,521)
Total Accumulated Depreciation	(2,488,715)	(438,477) *	219,914	(2,707,278)
Total Capital Assets being Depreciated, Net	5,557,293	(64,759)	(47,271)	5,445,263
Governmental Activities Capital Assets, Net	\$5,605,293	(\$64,759)	(\$47,271)	\$5,493,263
	Balance 6/30/2004	Additions	Deductions	Balance 6/30/2005
Business-Type Activity:				
Capital assets being Depreciated				
Vehicles	\$15,000	\$0	\$0	\$15,000
Furniture and Equipment	235,273	26,023	(2,804)	258,492
Total Capital Assets being Depreciated	250,273	26,023	(2,804)	273,492
Accumulated Depreciation				
Vehicles	(5,875)	(1,500)	0	(7,375)
Furniture and Equipment	(86,950)	(23,664)	(2,794)	(107,820)
Total Accumulated Depreciation	(92,825)	(25,164)	(2,794)	(115,195)
Business-Type Activity Capital Assets, Net	\$157,448	\$859	(\$5,598)	\$158,297

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* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$12,940
Vocational	360,299
Support Services:	
Pupils	4,599
Instructional Staff	6,474
Administration	16,983
Fiscal	3,911
Business	876
Operation and Maintenance of Plant	22,444
Central	6,027
Food Service	3,830
Extracurricular Activities	94
Total Depreciation Expense	\$438,477

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

	Balance 6/30/2003	Additions	Deductions	Balance 6/30/2004
Governmental Activities:				
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$48,000	\$0	\$0	\$48,000
Depreciable Capital Assets:				
Buildings and Improvements	5,410,109	0	0	5,410,109
Furniture and Equipment	2,993,593	132,355	(550,484)	2,575,464
Vehicles	46,821	13,614	0	60,435
Total Capital Assets being Depreciated	8,450,523	145,969	(550,484)	8,046,008
Less Accumulated Depreciation				
Buildings and Improvements	(1,201,371)	(56,143)	0	(1,257,514)
Furniture and Equipment	(1,415,918)	(267,129)	477,088	(1,205,959)
Vehicles	(20,292)	(4,950)	0	(25,242)
Total Accumulated Depreciation	(2,637,581)	(328,222) *	477,088	(2,488,715)
Total Capital Assets being Depreciated, Net	5,812,942	(182,253)	(73,396)	5,557,293
Governmental Activities Capital Assets, Net	\$5,860,942	(\$182,253)	(\$73,396)	\$5,605,293

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	Balance 6/30/2003	Additions	Deductions	Balance 6/30/2004
Business-Type Activity:				
Capital assets being Depreciated				
Vehicles	\$15,000	\$0	\$0	\$15,000
Furniture and Equipment	166,145	44,925	(1,596)	209,474
Total Capital assets being Depreciated	181,145	44,925	(1,596)	224,474
Accumulated Depreciation				
Vehicles	(4,375)	(1,500)	0	(5,875)
Furniture and Equipment	(38,846)	(23,901)	(1,596)	(61,151)
Total Accumulated Depreciation	(43,221)	(25,401)	(1,596)	(67,026)
Business-Type Activity Capital Assets, Net	<u>\$137,924</u>	<u>\$19,524</u>	<u>(\$3,192)</u>	<u>\$157,448</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$11,686
Vocational	215,477
Adult Education	37,491
Support Services:	
Pupils	4,215
Instructional Staff	3,998
Administration	18,844
Fiscal	5,689
Business	2,890
Operation and Maintenance of Plant	19,837
Central	4,667
Food Service	3,334
Extracurricular Activities	94
Total Depreciation Expense	<u>\$328,222</u>

Note 11 - Risk Management

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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During fiscal year 2005 and 2004, the Career Center contracted with the following insurance companies for coverage:

Utica National Insurance Company through Barengo Insurance Agency	
Automobile Liability	\$1,000,000
Comprehensive (\$500 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$5,000 deductible)(2005/2004)	\$18,733,900/\$18,394,100
Inland Marine (\$500 deductible)	600,000
Boiler and Machinery (\$5,000 deductible)(2005/2004)	18,733,900/18,394,100
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Products – Completed Operations Aggregate Limit (2004 only)	1,000,000
Personal and Advertising Injury Limit (2004 only)	1,000,000
Damage to Property Rented to you Limit (2004 only)	100,000
Sexual Abuse and Molestation (2005 only)	1,000,000
Medical Expense Limit (Any one Person)	10,000
Employee Benefits Liability:	
Each Offence Limit	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Disease – Each Employee	1,000,000
Educational Legal Liability (\$5,000 Deductible):	
Errors and Omissions/Aggregate	1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal years 2005 and 2004, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Career Centers is calculated as one experience and a common premium rate is applied to all Career Centers 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 percentage 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 Career Centers that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

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Note 12 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. 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 270 days. Upon retirement, certificated employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 68 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 81 days for employees having fifteen or more years of service.

B. Insurance

The Career Center provides medical/surgical insurance through Anthem Blue Cross Blue Shield for all eligible employees. The Career Center pays the total cost of individual plans and ninety percent of the monthly family coverage premiums. Premiums are paid from the same funds that pay the employees' salaries.

The Career Center pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through Metropolitan Life Insurance, dental coverage is provided through Core Source, and vision insurance is provided through Vision Service Plan.

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent in 2005 and 9 percent 2004 of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board.

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The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$68,277, \$56,285, and \$46,679, respectively; 96.96 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

B. State Teachers Retirement System

The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. For the fiscal year ended June 30, 2004, plan members were required to contribute 9.3 percent of their annual covered salaries. The Career Center was required to contribute 14 percent. For fiscal years 2005 and 2004, the portion to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003, were \$388,623, \$388,028, and \$417,032, respectively; 88.80 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$4,740 made by the Career Center and \$15,997 made by the plan members. Contributions to the DC and Combined Plans for fiscal year 2004 were \$2,259 made by the Career Center and \$10,281 made by the plan members.

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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, 2005 and 2004, two members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

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

STRS retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2005 and 2004, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount equaled \$29,894 for fiscal year 2005 and \$29,848 for fiscal year 2004.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004 (the latest information available), the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000 and STRS Ohio had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. For fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. For fiscal year 2004, the minimum pay was established at \$25,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, the Career Center paid \$35,395 to fund health care benefits, including surcharge. For the 2004 fiscal year, the Career Center paid \$40,108 to fund health care benefits, including surcharge.

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The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

Note 15 – Long-Term Obligations

The changes in the Career Center’s long-term obligations during the 2005 fiscal year consist of the following:

	Principal Outstanding 6/30/04	Additions	Reductions	Principal Outstanding 6/30/05	Amounts Due in One Year
Governmental Activities					
July 23, 2002, \$615,000					
Energy Conservation Notes - 2.0%-5.9%	\$535,000	\$0	\$30,000	\$505,000	\$30,000
Capital Leases	6,328	32,815	8,911	30,232	11,419
Sick Leave Benefits	469,412	56,739	0	526,151	8,444
Total Governmental Activities	<u>\$1,010,740</u>	<u>\$89,554</u>	<u>\$38,911</u>	<u>\$1,061,383</u>	<u>\$49,863</u>
Business-Type Activity					
Capital Lease	\$2,211	\$0	\$2,211	\$0	\$0
Sick Leave Benefits	42,879	15,219	0	58,098	0
Total Business-Type Activity	<u>\$45,090</u>	<u>\$15,219</u>	<u>\$2,211</u>	<u>\$58,098</u>	<u>\$0</u>

The changes in the Career Center’s long-term obligations during the 2004 fiscal year consist of the following:

	Principal Outstanding 6/30/03	Additions	Reductions	Principal Outstanding 6/30/04	Amounts Due in One Year
Governmental Activities					
July 23, 2002, \$615,000					
Energy Conservation Notes - 2.0%-5.9%	\$565,000	\$0	\$30,000	\$535,000	\$30,000
Capital Leases	14,128	0	7,800	6,328	3,901
Sick Leave Benefits	467,189	57,110	54,887	469,412	0
Total Governmental Activities	<u>\$1,046,317</u>	<u>\$57,110</u>	<u>\$92,687</u>	<u>\$1,010,740</u>	<u>\$33,901</u>
Business-Type Activity					
Capital Lease	\$6,370	\$0	\$4,159	\$2,211	\$2,211
Sick Leave Benefits	41,852	1,027	0	42,879	0
Total Business-Type Activity	<u>\$48,222</u>	<u>\$1,027</u>	<u>\$4,159</u>	<u>\$45,090</u>	<u>\$2,211</u>

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Capital leases will be paid from the General Fund. Sick leave benefits will be paid from the General Fund, the Food Service and Miscellaneous Federal Grants Special Revenue Funds, and the Adult Education Enterprise Fund.

In fiscal year 2003, the Career Center issued energy conservation notes for \$615,000. The energy conservation notes will be paid from tax revenues from the General Fund.

The overall debt margin of the Career Center as of June 30, 2005, was \$112,535,622, with an unvoted debt margin of \$1,250,396. The overall debt margin of the Career Center as of June 30, 2004, was \$99,450,537, with an unvoted debt margin of \$1,105,006.

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2005, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$30,000	\$26,270	\$56,270
2007	35,000	24,889	59,889
2008	35,000	23,401	58,401
2009	35,000	21,914	56,914
2010	40,000	20,320	60,320
2011-2015	220,000	66,375	286,375
2016-2017	110,000	6,490	116,490
Total	\$505,000	\$189,659	\$694,659

Note 16 – Capital Leases – Lessee Disclosure

The School District has entered into capitalized leases for copiers and duplicators. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2005 were \$8,911 for the governmental activities and \$2,211 for the business-type activity. Principal payments in 2004 were \$7,800 for the governmental activities and \$4,159 for the business-type activity.

	Governmental Activities	Business-Type Activity
Property under Capital Lease	\$33,934	\$12,000
Less Accumulated Depreciation	(4,046)	(8,800)
Total June 30, 2005	\$29,888	\$3,200

Washington County Career Center, Ohio
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2005 and 2004

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2005.

Fiscal Year	Governmental Activities
2006	\$13,208
2007	13,208
2008	6,693
Total	33,109
Less: Amount Representing Interest	(2,877)
Present Value of Net Minimum Lease Payments	\$30,232

Note 17 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Career Centers. SEOVEC has 34 participants consisting of 30 Career Centers and 4 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2005, the Career Center paid \$11,064 to SEOVEC. During fiscal year 2004, the Career Center paid \$12,259. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, Athens, Ohio 45701.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred Career Centers in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the Career Centers within that county. The Council provides various in-service training programs for Career Center administrative personnel; gathering of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for Career Center personnel. The Council is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Council. The Career Center's membership fee was \$300 for fiscal year 2005 and 2004.

C. South Eastern Ohio Special Education Regional Resource Center (SEOSERRC)

SEOSERRC is a special education regional resource 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. SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, and 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 Career Center is limited to its representation on the Board.

Washington County Career Center, Ohio
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2005 and 2004

During fiscal year 2005, the Career Center paid \$1,370 to SEOSERRC. During fiscal year 2004, the Career Center paid \$1,560 to SEOSERRC. 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.

Note 18 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Career Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 19 - Contingencies

A. Grants

The Career 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 are 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 Career Center at June 30, 2005 and 2004.

B. Litigation

The Career Center is currently not a party to any legal proceedings.

Note 20 – Set-Asides

The Career Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior fiscal years, the Career Center was also required to set aside money for budget stabilization. At June 30, 2005 and 2004, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital improvements for fiscal year 2005. Disclosure of this information is required by State statute.

Washington County Career Center, Ohio
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2005 and 2004

	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2004	\$3,880	(\$11,615)	\$28,932
Current Year Set-aside Requirement	57,192	57,192	0
Qualifying Disbursements	(49,855)	(70,140)	0
Total	\$11,217	(\$24,563)	\$28,932
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$11,217</u>	<u>(\$24,563)</u>	<u>\$28,932</u>

The Career Center had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$40,149.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital improvements for fiscal year 2004. Disclosure of this information is required by State statute.

	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2003	\$5,312	(\$21,039)	\$28,932
Current Year Set-aside Requirement	61,723	61,723	0
Qualifying Disbursements	(63,155)	(52,299)	0
Total	\$3,880	(\$11,615)	\$28,932
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$3,880</u>	<u>(\$11,615)</u>	<u>\$28,932</u>

The Career Center had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$32,812.

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**Auditor of State
Betty Montgomery**

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

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

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 Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the years ended June 30, 2005 and 2004, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 10, 2006, wherein we noted the Career Center adopted Governmental Accounting Standards Board Statements 34, 37, 38, 39, 40, 41 and 46, GASB Technical Bulletin 2004-2 and Interpretation 6.. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In a separate letter to the Career Center's management dated January 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

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www.auditor.state.oh.us

Washington County Career Center
Washington County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

We intend this report solely for the information and use of the audit committee, management and the Board of Education. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

January 10, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

WASHINGTON COUNTY CAREER CENTER

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2006**