



**Auditor of State  
Betty Montgomery**



**TRUMBULL CAREER & TECHNICAL CENTER  
PORTAGE COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Trumbull Career & Technical Center  
Trumbull County  
528 Educational Highway  
Warren, Ohio 44483

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trumbull Career & Technical Center, Trumbull County, Ohio (the Technical Center) as of and for the year ended June 30, 2003, which collectively comprise the Technical Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Technical Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trumbull Career & Technical Center, Trumbull County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3A, during the year ended June 30, 2003, the Technical Center implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2004, on our consideration of the Technical Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the Technical Center's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

April 26, 2004

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

The discussion and analysis of Trumbull Career and Technical Center (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

**Financial Highlights**

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$914,834. Net assets of governmental activities increased \$645,355, which represents a 8.58% increase from 2002. Net assets of business-type activities increased \$269,479 or 950.54% from 2002.
- General revenues accounted for \$10,346,953 in revenue or 74.83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,479,825 or 25.17% of total revenues of \$13,826,778.
- The Center had \$10,675,203 in expenses related to governmental activities; only \$1,635,253 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,338,783 were adequate to provide for these programs.
- The Center had \$2,236,741 in expenses related to business-type activities; \$1,844,572 of these expenses were offset by program specific charge for services and grants and contributions. General revenues supporting business-type activities of \$8,170 were not adequate to support these programs which was the reason for the transfer from the general fund.
- The Center's only major governmental fund is the general fund. The general fund had \$10,335,462 in revenues and other financing sources and \$10,240,550 in expenditures and other financing uses. The general fund's fund balance increased from \$6,266,838 to \$6,368,320.

**Reporting the Center as a Whole**

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

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" 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 Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished.

The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

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

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

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

***Fund Financial Statements***

The analysis of the Center's major governmental fund begins on page 9 and the analysis of the Center's major enterprise fund begins on page 9. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's only major governmental fund is the general fund.

***Governmental Funds***

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

***Proprietary Funds***

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

**Reporting the Center's Fiduciary Responsibilities**

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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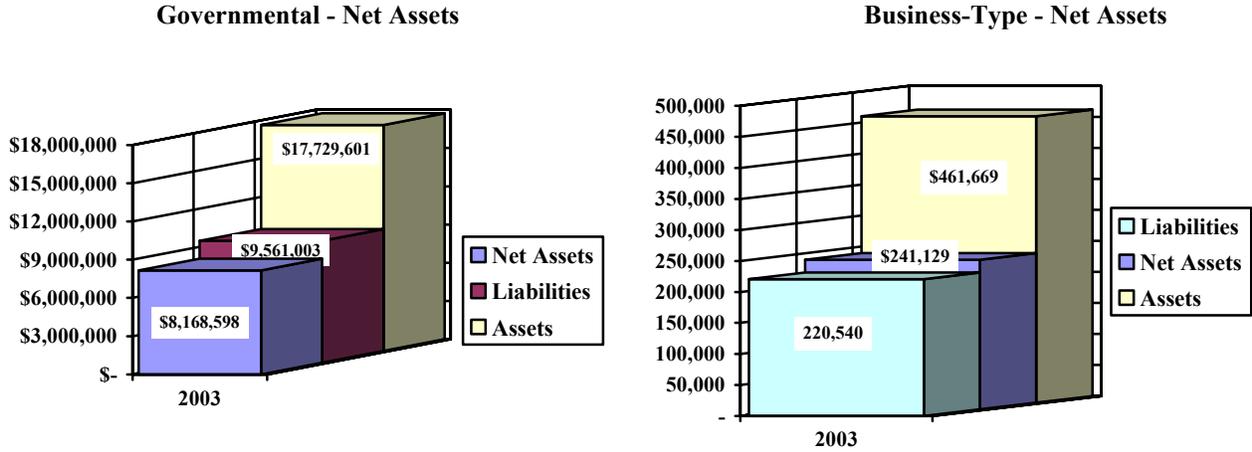
**The Center as a Whole**

The Statement of Net Assets provides the perspective of the Center as a whole. The table below provides a summary of the Center's net assets for 2003.

	<b>Net Assets</b>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>2003</u>	<u>2003</u>
<b><u>Assets</u></b>		
Current assets	\$ 15,261,570	\$ 342,095
Capital assets	<u>2,468,031</u>	<u>119,574</u>
Total assets	<u>17,729,601</u>	<u>461,669</u>
<b><u>Liabilities</u></b>		
Current liabilities	7,312,261	175,125
Long-term liabilities	<u>2,248,742</u>	<u>45,415</u>
Total liabilities	<u>9,561,003</u>	<u>220,540</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of debt	1,301,422	119,574
Restricted	832,099	-
Unrestricted	<u>6,035,077</u>	<u>121,555</u>
Total net assets	<u>\$ 8,168,598</u>	<u>\$ 241,129</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The table below shows the changes in net assets for governmental activities and business-type activities for fiscal year 2003.

**Change in Net Assets**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>2003</u>	<u>2003</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 522,386	\$1,486,027
Operating grants and contributions	1,055,710	358,545
Capital grants and contributions	57,157	-
General revenues:		
Property taxes	4,683,757	-
Grants and entitlements	5,430,459	-
Investment earnings	128,066	-
Other	96,501	8,170
Total revenues	<u>11,974,036</u>	<u>1,852,742</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>2003</u>	<u>2003</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 713,772	\$ -
Special	2,157	-
Vocational	5,699,738	-
Other	133,191	-
Support services:		
Pupil	595,204	-
Instructional staff	105,374	-
Board of Education	34,972	-
Administration	1,317,157	-
Fiscal	508,017	-
Business	68,699	-
Operations and maintenance	1,020,061	-
Pupil transportation	50,682	-
Central	56,876	-
Operation of non-instructional services	3,987	-
Extracurricular activities	65,521	-
Interest and fiscal charges	61,651	-
Food service	238,144	-
Adult education	-	2,236,741
Total expenses	<u>10,675,203</u>	<u>2,236,741</u>
Transfers	<u>(653,478)</u>	<u>653,478</u>
Changes in net assets	<u>\$ 645,355</u>	<u>\$ 269,479</u>

**Governmental Activities**

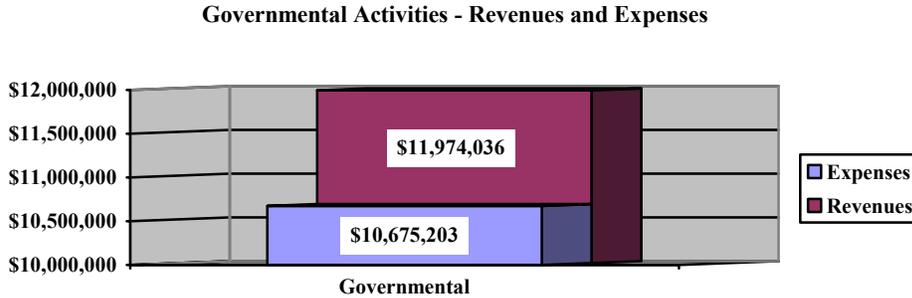
Net assets of the Center's governmental activities increased by \$645,355. Total governmental expenses of \$10,675,203 were offset by program revenues of \$1,635,253 and general revenues of \$10,338,783. Program revenues supported 15.32% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 84.47% of total governmental revenue. Real estate property is reappraised every six years.

**TRUMBULL CAREER AND TECHNICAL CENTER  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graph below presents the Center's governmental activities revenue and expenses for fiscal year 2003.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2003. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

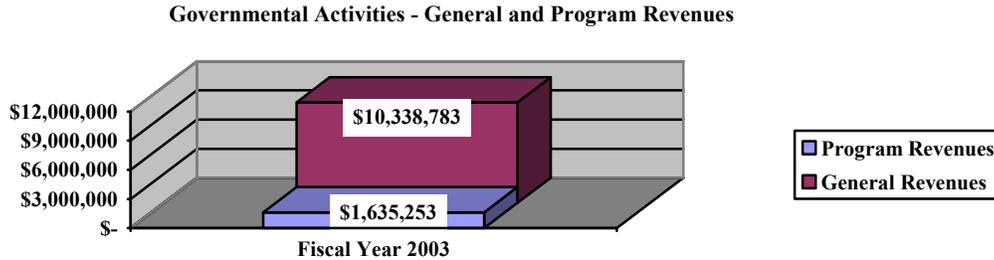
	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program expenses:		
Instruction:		
Regular	\$ 713,772	\$ (713,772)
Special	2,157	(2,157)
Vocational	5,699,738	(4,976,793)
Other	133,191	(23,888)
Support services:		
Pupil	595,204	(276,124)
Instructional staff	105,374	(7,165)
Board of Education	34,972	(34,972)
Administration	1,317,157	(1,291,403)
Fiscal	508,017	(508,017)
Business	68,699	(68,699)
Operations and maintenance	1,020,061	(1,018,854)
Pupil transportation	50,682	(50,682)
Central	56,876	1,617
Operation of non-instructional services	3,987	(3,987)
Extracurricular activities	65,521	(13,547)
Food service operations	238,144	10,144
Interest and fiscal charges	61,651	(61,651)
<b>Total expenses</b>	<u><u>\$ 10,675,203</u></u>	<u><u>\$ (9,039,950)</u></u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The dependence upon tax revenues during fiscal year 2003 for governmental activities is apparent, as 87.29% of 2003 instruction activities are supported through taxes and other general revenues. All governmental activities, general revenue support is 84.68% in 2003. The Center's taxpayers, as a whole, is by far the primary support for Center's students.

The graph below presents the Center's governmental activities revenue for fiscal years 2003.



**Business-Type Activities**

The adult education program provides the business-type activities. This program had revenues of \$1,852,742 and expenses of \$2,236,741 for fiscal year 2003. During fiscal year 2003, the adult education program received transfers of \$653,478. The Center took steps to reduce expenses in the adult education program, including renegotiating vendor agreements. The Center's business activities receive no support from tax revenues.

**The Center's Funds**

The Center's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$7,038,262, which is below last year's total of \$7,204,755. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2003 and 2002.

	<u>Fund Balance</u> <u>June 30, 2003</u>	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Increase/</u> <u>Decrease</u>
General	\$ 6,368,320	\$ 6,266,838	\$ 101,482
Other Governmental	<u>669,942</u>	<u>937,917</u>	<u>(267,975)</u>
Total	<u>\$ 7,038,262</u>	<u>\$ 7,204,755</u>	<u>\$ (166,493)</u>

**General Fund**

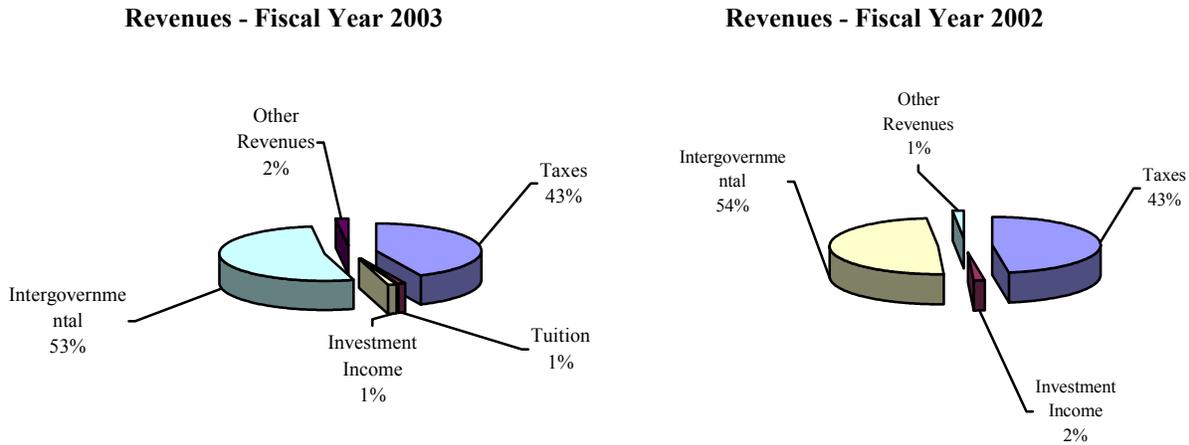
The Center's general fund balance increased by \$101,482, due to an increase in tax revenue and a tighter control on spending during 2003. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 4,437,091	\$ 3,922,265	13.13%
Tuition	127,513	27,500	363.68%
Interest earnings	131,684	230,267	(42.81)%
Intergovernmental	5,430,459	4,915,784	10.47%
Other revenues	<u>208,665</u>	<u>58,522</u>	256.56%
Total	<u>\$ 10,335,412</u>	<u>\$ 9,154,338</u>	12.90%

Intergovernmental revenue increased \$514,675 or 10.47% from the prior year. This increase is attributed to an increase in the number of grants the Center received in 2003. The decrease in investment income is due to drastic cuts in interest rates by the Federal Reserve Bank throughout the year. All other revenue remained comparable to 2002.



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

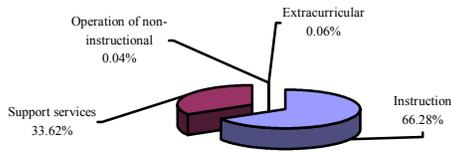
	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 5,985,831	\$ 4,815,392	24.31%
Support services	3,036,670	2,659,690	14.17%
Operation of non-instructional services	3,987	892	346.97%
Extracurricular activities	5,262	3,743	40.58%
Facilities acquisition and construction	<u>-</u>	<u>3,032</u>	100.00%
Total	<u>\$ 9,031,750</u>	<u>\$ 7,482,749</u>	20.70%

The most significant increase was in the area of instruction. This increase is primarily due to the Center taking over the Gordon James Career Center in Lordstown and providing more services.

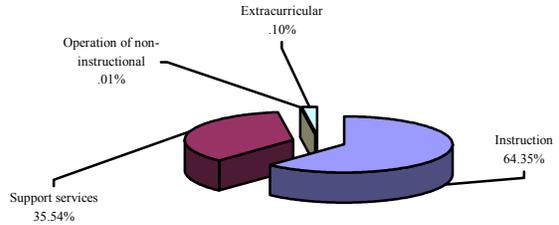
**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Expenditures - Fiscal Year 2003**



**Expenditures - Fiscal Year 2002**



***General Fund Budgeting Highlights***

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

During the course of fiscal 2003, the Center amended its general fund budget numerous times, none significant. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$10,636,925, above original budget estimates of \$10,536,314. Of this \$100,611 difference, most was due to conservative tax and intergovernmental estimates in the original budget.

General fund original appropriations of \$9,923,527 were increased to \$10,957,141 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2003 totaled \$10,407,234, which was \$549,907 less than the final budget appropriations, primarily because salary costs proved to be lower than anticipated in the original and final budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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**Capital Assets and Debt Administration**

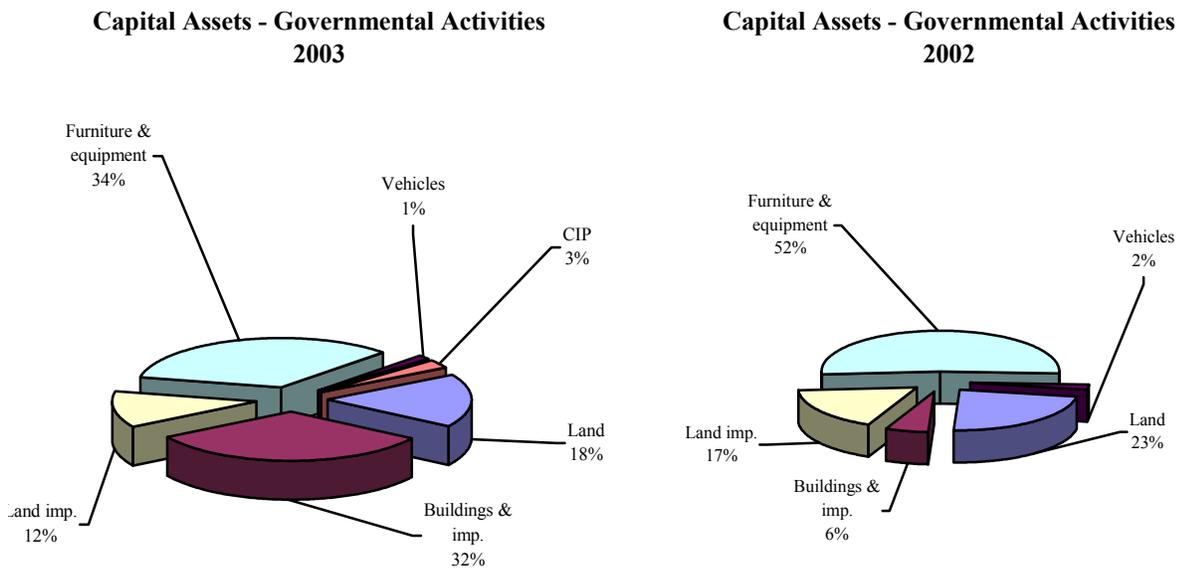
**Capital Assets**

During fiscal year 2003, the Center changed its capitalization threshold from five hundred dollars to two thousand dollars. This resulted in a restatement of capital assets in the governmental and business-type activities (see Note 3.A. for detail). At the end of fiscal 2003, the Center had \$2,518,458 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$2,398,884 was reported in governmental activities and \$119,574 was reported in business-type activities. The following table shows fiscal 2003 balances compared to 2002:

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 432,770	\$ 432,770	\$ -	\$ -	\$ 432,770	\$ 432,770
Land improvements	292,863	326,229	-	-	292,863	326,229
Building and improvements	796,442	108,227	-	-	796,442	108,227
Furniture and equipment	845,397	969,767	119,574	160,418	964,971	1,130,185
Vehicles	31,412	38,417	-	-	31,412	38,417
Construction-in-Progress	69,147	-	-	-	69,147	-
<b>Total</b>	<b>\$ 2,468,031</b>	<b>\$ 1,875,410</b>	<b>\$ 119,574</b>	<b>\$ 160,418</b>	<b>\$ 2,587,605</b>	<b>\$ 2,035,828</b>

The following graphs show the breakdown of business-type capital assets by category for 2003 and 2002.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***Debt Administration***

At June 30, 2003 the Center had \$1,166,609 in energy conservation notes. Of this total, \$92,358 is due within one year and \$1,074,251 is due within greater than one year. The following table summarizes the bonds and loan outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
Energy conservation notes	\$ <u>1,166,609</u>	\$ <u>1,254,663</u>
Total	\$ <u><u>1,166,609</u></u>	\$ <u><u>1,254,663</u></u>

In 1999 the Center issued an energy conservation note, providing for energy conservation measures to the Center's facilities. The energy conservation notes are scheduled to mature in fiscal year 2013 and bear an interest rate of 5.00%.

At June 30, 2003 the Center's overall legal debt margin was \$255,302,019 with an unvoted debt margin of \$2,836,689 and an energy conservation debt margin of \$24,363,593.

**Current Financial Related Activity**

Overall the District is strong financially. The District relies heavily upon grants, state foundation and property taxes. An increase in tax revenue is expected in fiscal year 2004 due to the collection of tax dollars from four new Districts added to TCTC in FY2003.

The finances are stable for fiscal years 2004 through fiscal year 2006, however, the District will have a 2 mill renewal levy on the ballot in November of 2004 that will expire in January of 2006. The two mills represent approximately 47% of the total revenue the District receives yearly.

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

Since the District relies on the state for approximately 48% of the general operating revenues, one of the challenges is that of state funding. The State of Ohio was found by the Supreme Court in March 1997 to be operating unconstitutional education system, one that was neither adequate or equitable. Since 1997, the State has directed its tax revenue growth toward school district with little tax property wealth. Due to the courts recent results concerning the "DeRolph IV" Case in 2002 the District is unable to determine what effect, if any, the future holds for change in state funding and its financial implications.

With the challenge of an important levy in the near future, the Districts system of budgeting and internal controls are well regarded. All of the District's financial abilities will be needed to meet the financial challenges of the future.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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**Contacting the 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 Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Gary Ghizzoni, Treasurer, Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

BASIC  
FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
JUNE 30, 2003

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . .	\$ 8,290,802	\$ 193,382	\$ 8,484,184
Receivables:			
Taxes . . . . .	6,693,206	-	6,693,206
Accounts . . . . .	3,695	150,904	154,599
Intergovernmental . . . . .	125,733	80,188	205,921
Accrued interest . . . . .	10,505	-	10,505
Internal balances . . . . .	82,379	(82,379)	-
Materials and supplies inventory . . . . .	55,250	-	55,250
Capital assets:			
Land and construction-in-progress . . . . .	501,917	-	501,917
Depreciable capital assets, net . . . . .	1,966,114	119,574	2,085,688
Total capital assets. . . . .	<u>2,468,031</u>	<u>119,574</u>	<u>2,587,605</u>
 Total assets. . . . .	 <u>17,729,601</u>	 <u>461,669</u>	 <u>18,191,270</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	297,865	144,812	442,677
Accrued wages and benefits . . . . .	958,641	12,605	971,246
Pension obligation payable. . . . .	123,507	2,221	125,728
Intergovernmental payable . . . . .	25,864	15,487	41,351
Deferred revenue . . . . .	5,906,384	-	5,906,384
Long-term liabilities:			
Due within one year. . . . .	222,744	16,866	239,610
Due within more than one year . . . . .	2,025,998	28,549	2,054,547
 Total liabilities . . . . .	 <u>9,561,003</u>	 <u>220,540</u>	 <u>9,781,543</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	1,301,422	119,574	1,420,996
Restricted for:			
Capital projects . . . . .	730,599	-	730,599
Other purposes . . . . .	101,500	-	101,500
Unrestricted. . . . .	<u>6,035,077</u>	<u>121,555</u>	<u>6,156,632</u>
 Total net assets . . . . .	 <u>\$ 8,168,598</u>	 <u>\$ 241,129</u>	 <u>\$ 8,409,727</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 713,772	\$ -	\$ -	\$ -
Special . . . . .	2,157	-	-	-
Vocational . . . . .	5,699,738	322,141	343,647	57,157
Other . . . . .	133,191	-	109,303	-
Support services:				
Pupil . . . . .	595,204	-	319,080	-
Instructional staff . . . . .	105,374	-	98,209	-
Board of education . . . . .	34,972	-	-	-
Administration . . . . .	1,317,157	-	25,754	-
Fiscal . . . . .	508,017	-	-	-
Business . . . . .	68,699	-	-	-
Operations and maintenance . . . . .	1,020,061	-	1,207	-
Pupil transportation . . . . .	50,682	-	-	-
Central . . . . .	56,876	17,021	41,472	-
Operation of non-instructional services . . . . .	3,987	-	-	-
Extracurricular activities . . . . .	65,521	-	51,974	-
Food service operations . . . . .	238,144	183,224	65,064	-
Interest and fiscal charges . . . . .	61,651	-	-	-
Total governmental activities . . . . .	10,675,203	522,386	1,055,710	57,157
<b>Business-type activities:</b>				
Adult education . . . . .	2,236,741	1,486,027	358,545	-
Total business-type activities . . . . .	2,236,741	1,486,027	358,545	-
Totals . . . . .	\$ 12,911,944	\$ 2,008,413	\$ 1,414,255	\$ 57,157

**General Revenues:**

Property taxes levied for:

- General fund . . . . .
- Debt service . . . . .
- Grants and entitlements not restricted  
to specific programs . . . . .
- Investment earnings . . . . .
- Miscellaneous . . . . .

Total general revenues . . . . .

Transfers . . . . .

Total general revenues and transfers . . . . .

Change in net assets . . . . .

Net assets at beginning of year . . . . .

Net assets at end of year . . . . .

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (713,772)	\$ -	\$ (713,772)
(2,157)	-	(2,157)
(4,976,793)	-	(4,976,793)
(23,888)	-	(23,888)
(276,124)	-	(276,124)
(7,165)	-	(7,165)
(34,972)	-	(34,972)
(1,291,403)	-	(1,291,403)
(508,017)	-	(508,017)
(68,699)	-	(68,699)
(1,018,854)	-	(1,018,854)
(50,682)	-	(50,682)
1,617	-	1,617
(3,987)	-	(3,987)
(13,547)	-	(13,547)
10,144	-	10,144
(61,651)	-	(61,651)
<u>(9,039,950)</u>	<u>-</u>	<u>(9,039,950)</u>
-	(392,169)	(392,169)
-	(392,169)	(392,169)
<u>(9,039,950)</u>	<u>(392,169)</u>	<u>(9,432,119)</u>
4,534,052	-	4,534,052
149,705	-	149,705
5,430,459	-	5,430,459
128,066	-	128,066
96,501	8,170	104,671
<u>10,338,783</u>	<u>8,170</u>	<u>10,346,953</u>
<u>(653,478)</u>	<u>653,478</u>	<u>-</u>
<u>9,685,305</u>	<u>661,648</u>	<u>10,346,953</u>
645,355	269,479	914,834
7,523,243	(28,350)	7,494,893
<u>\$ 8,168,598</u>	<u>\$ 241,129</u>	<u>\$ 8,409,727</u>

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 7,143,397	\$ 1,098,403	\$ 8,241,800
Receivables:			
Taxes . . . . .	6,543,501	149,705	6,693,206
Accounts . . . . .	3,189	506	3,695
Intergovernmental . . . . .	-	125,733	125,733
Accrued interest . . . . .	10,505	-	10,505
Interfund loans . . . . .	205,921	-	205,921
Due from other funds . . . . .	15,714	-	15,714
Materials and supplies inventory . . . . .	50,225	2,287	52,512
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	49,002	-	49,002
Total assets . . . . .	\$ 14,021,454	\$ 1,376,634	\$ 15,398,088
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 126,020	\$ 171,845	\$ 297,865
Accrued wages and benefits . . . . .	877,678	80,963	958,641
Compensated absences payable . . . . .	-	28,256	28,256
Pension obligation payable . . . . .	104,339	10,590	114,929
Intergovernmental payable . . . . .	25,048	816	25,864
Interfund loan payable . . . . .	-	125,733	125,733
Due to other funds . . . . .	-	13,523	13,523
Deferred revenue . . . . .	6,520,049	274,966	6,795,015
Total liabilities . . . . .	7,653,134	706,692	8,359,826
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	-	274,854	274,854
Reserved for BWC refunds . . . . .	49,002	-	49,002
Reserved for materials and supplies inventory . . . . .	50,225	2,287	52,512
Reserved for property tax unavailable for appropriation . . . . .	26,594	-	26,594
Unreserved:			
Designated for budget stabilization . . . . .	241,480	-	241,480
Undesignated (deficit) reported in:			
General fund . . . . .	6,001,019	-	6,001,019
Special revenue funds . . . . .	-	(203,915)	(203,915)
Capital projects funds . . . . .	-	596,716	596,716
Total fund balances . . . . .	6,368,320	669,942	7,038,262
Total liabilities and fund balances . . . . .	\$ 14,021,454	\$ 1,376,634	\$ 15,398,088

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2003

<b>Total governmental fund balances</b>		\$	7,038,262
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,468,031
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	760,228	
Earnings on investments		3,142	
Intergovernmental revenue		125,261	
Total			888,631
Donated commodities are not recorded as revenue in the funds.			2,738
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Energy conservation bonds		1,166,609	
Compensated absences		1,053,877	
Pension obligation payable		8,578	
Total			(2,229,064)
<b>Net assets of governmental activities</b>		\$	8,168,598

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 4,437,091	\$ 149,705	\$ 4,586,796
Tuition . . . . .	127,513	-	127,513
Charges for services . . . . .	-	183,224	183,224
Earnings on investments . . . . .	131,684	-	131,684
Extracurricular . . . . .	-	17,021	17,021
Other local revenues . . . . .	158,144	83,079	241,223
Other revenues . . . . .	50,521	-	50,521
Intergovernmental - State . . . . .	5,430,459	188,885	5,619,344
Intergovernmental - Federal . . . . .	-	808,942	808,942
Total revenues . . . . .	<u>10,335,412</u>	<u>1,430,856</u>	<u>11,766,268</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	900,009	-	900,009
Vocational . . . . .	5,058,532	530,679	5,589,211
Other . . . . .	27,290	105,901	133,191
Support Services:			
Pupil . . . . .	218,936	350,004	568,940
Instructional staff . . . . .	22,370	80,285	102,655
Board of education . . . . .	34,899	-	34,899
Administration . . . . .	1,244,661	30,136	1,274,797
Fiscal . . . . .	465,098	-	465,098
Business . . . . .	68,699	-	68,699
Operations and maintenance . . . . .	954,433	69,248	1,023,681
Pupil transportation . . . . .	27,574	-	27,574
Central . . . . .	-	56,424	56,424
Operation of non-instructional services . . . . .	3,987	-	3,987
Extracurricular activities . . . . .	5,262	60,259	65,521
Facilities acquisition and construction . . . . .	-	588,626	588,626
Food service operations . . . . .	-	231,224	231,224
Debt service:			
Principal retirement . . . . .	-	88,054	88,054
Interest and fiscal charges . . . . .	-	61,651	61,651
Total expenditures . . . . .	<u>9,031,750</u>	<u>2,252,491</u>	<u>11,284,241</u>
Excess of revenues under expenditures . . . . .	<u>1,303,662</u>	<u>(821,635)</u>	<u>482,027</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	555,322	555,322
Transfers (out) . . . . .	(1,208,800)	-	(1,208,800)
Proceeds from sale of capital assets . . . . .	50	-	50
Total other financing sources (uses) . . . . .	<u>(1,208,750)</u>	<u>555,322</u>	<u>(653,428)</u>
Net change in fund balances . . . . .	94,912	(266,313)	(171,401)
<b>Fund balances at beginning of year (restated) . . . . .</b>	<b>6,266,838</b>	<b>937,917</b>	<b>7,204,755</b>
<b>Increase/(decrease) in reserve for inventory . . . . .</b>	<b>6,570</b>	<b>(1,662)</b>	<b>4,908</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 6,368,320</u></b>	<b><u>\$ 669,942</u></b>	<b><u>\$ 7,038,262</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

<b>Net change in fund balances - total governmental funds</b>	\$	(171,401)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		592,621
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		203,695
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		4,908
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		88,054
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources therefore are not reported as expenditures in governmental funds.		(72,522)
		(72,522)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>645,355</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 4,278,415	\$ 4,321,352	\$ 4,430,875	\$ 109,523
Tuition . . . . .	122,530	123,759	126,896	3,137
Earnings on investments . . . . .	178,964	180,760	185,341	4,581
Other local revenues . . . . .	155,025	156,581	160,549	3,968
Other revenues . . . . .	46,300	46,765	47,950	1,185
Intergovernmental - State . . . . .	5,243,885	5,296,512	5,430,750	134,238
Total revenue . . . . .	<u>10,025,118</u>	<u>10,125,729</u>	<u>10,382,361</u>	<u>256,632</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	796,470	885,022	852,773	32,249
Vocational . . . . .	5,095,564	5,232,749	4,995,051	237,698
Other . . . . .	-	-	27,266	(27,266)
Support Services:				
Pupil . . . . .	225,376	227,057	198,590	28,467
Instructional staff . . . . .	12,400	15,497	11,292	4,205
Board of education . . . . .	41,710	48,168	34,913	13,255
Administration . . . . .	1,297,150	1,329,825	1,268,612	61,213
Fiscal . . . . .	431,951	473,569	463,061	10,508
Business . . . . .	103,175	103,175	88,528	14,647
Operations and maintenance . . . . .	1,128,616	1,157,347	1,005,181	152,166
Pupil transportation . . . . .	24,115	28,490	27,873	617
Central . . . . .	4,000	4,000	-	4,000
Operation of non-instructional services . . . . .	8,000	9,180	3,959	5,221
Extracurricular activities . . . . .	-	5,262	5,262	-
Total expenditures . . . . .	<u>9,168,527</u>	<u>9,519,341</u>	<u>8,982,361</u>	<u>536,980</u>
Excess of revenues over (under) expenditures . . . . .	<u>856,591</u>	<u>606,388</u>	<u>1,400,000</u>	<u>793,612</u>
<b>Other financing sources (uses):</b>				
Transfers (out) . . . . .	(535,000)	(1,217,800)	(1,217,800)	-
Advances in . . . . .	511,147	511,147	511,147	-
Advances (out) . . . . .	(220,000)	(220,000)	(207,073)	12,927
Proceeds from sale of capital assets . . . . .	50	50	50	-
Total other financing sources (uses) . . . . .	<u>(243,803)</u>	<u>(926,603)</u>	<u>(913,676)</u>	<u>12,927</u>
Net change in fund balance . . . . .	612,788	(320,215)	486,324	806,539
<b>Fund balance at beginning of year</b>				
(restated) . . . . .	6,481,171	6,481,171	6,481,171	-
Prior year encumbrances appropriated . . . . .	155,813	155,813	155,813	-
Fund balance at end of year . . . . .	<u>\$ 7,249,772</u>	<u>\$ 6,316,769</u>	<u>\$ 7,123,308</u>	<u>\$ 806,539</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2003

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Adult Education</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 193,382
Receivables:	
Accounts . . . . .	150,904
Intergovernmental . . . . .	80,188
Total current assets . . . . .	424,474
Noncurrent assets:	
Capital assets, net . . . . .	119,574
Total assets . . . . .	544,048
<b>Liabilities:</b>	
Accounts payable . . . . .	144,812
Accrued wages and benefits . . . . .	12,605
Compensated absences . . . . .	45,415
Pension obligation payable . . . . .	2,221
Interfund loan payable . . . . .	80,188
Intergovernmental payable . . . . .	15,487
Due to other funds . . . . .	2,191
Total liabilities . . . . .	302,919
<b>Net assets:</b>	
Invested in capital assets, net of related debt . . . . .	119,574
Unrestricted . . . . .	121,555
Total net assets . . . . .	\$ 241,129

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u><b>Business-Type Activities - Enterprise Fund</b></u>
	<u><b>Adult Education</b></u>
<b>Operating revenues:</b>	
Tuition and fees . . . . .	\$ 1,486,027
Other . . . . .	8,170
	1,494,197
<b>Operating expenses:</b>	
Personal services . . . . .	1,317,007
Purchased services . . . . .	294,409
Materials and supplies . . . . .	573,714
Depreciation . . . . .	40,844
Other . . . . .	10,767
	2,236,741
Total operating expenses . . . . .	2,236,741
Operating loss . . . . .	(742,544)
<b>Nonoperating revenues:</b>	
Grants and subsidies . . . . .	358,545
	358,545
Total nonoperating revenues . . . . .	358,545
Income (loss) before transfers . . . . .	(383,999)
Transfer in . . . . .	653,478
	269,479
Change in net assets . . . . .	269,479
<b>Net assets (deficit) at beginning of year (restated) . . . . .</b>	<b>(28,350)</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 241,129</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Adult Education</b>
<b>Cash flows from operating activities:</b>	
Cash received from tuition and fees . . . . .	\$ 1,411,040
Cash received from other operations. . . . .	8,170
Cash payments for personal services. . . . .	(1,372,605)
Cash payments for contractual services . . . . .	(277,503)
Cash payments for materials and supplies . . . . .	(435,197)
Cash payments for other expenses . . . . .	(9,381)
	(675,476)
Net cash used in operating activities . . . . .	(675,476)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies. . . . .	278,357
Cash received from transfers in . . . . .	653,478
Cash received from interfund loans . . . . .	80,188
Cash used in repayment of interfund loans. . . . .	(182,044)
	829,979
Net cash provided by noncapital financing activities. . . . .	829,979
Net increase in cash and cash equivalents . . . . .	154,503
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>38,879</b>
<b>Cash and cash equivalents at end of year. . . . .</b>	<b>\$ 193,382</b>

-- continued

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b><u>Business-Type Activities - Enterprise Fund</u></b>
	<b><u>Adult Education</u></b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (742,544)
Adjustments:	
Depreciation. . . . .	40,844
Changes in assets and liabilities:	
Increase in accounts receivable . . . . .	(74,987)
Increase in accounts payable . . . . .	141,816
Decrease in accrued wages and benefits . . . . .	(15,022)
Increase in intergovernmental payable. . . . .	15,404
Decrease in compensated absences payable . . . . .	(43,399)
Increase in pension obligation payable. . . . .	262
Increase in due to other funds . . . . .	<u>2,150</u>
Net cash used in operating activities . . . . .	<u>\$ (675,476)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 6,508	\$ 59,035
Total assets . . . . .	6,508	59,035
<b>Liabilities:</b>		
Due to students . . . . .	-	59,035
Total liabilities . . . . .	-	\$ 59,035
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	6,508	
Total net assets . . . . .	\$ 6,508	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 1,000
Total additions . . . . .	1,000
Change in net assets . . . . .	1,000
Net assets at beginning of year . . . . .	5,508
Net assets at end of year . . . . .	\$ 6,508

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 1 - DESCRIPTION OF THE CENTER**

The Trumbull Career and Technical Center was formed on June 30, 1970 and subsequently became the Trumbull Career and Technical Center (the "Center") on July 1, 2000. The Center is a body politic and corporate established under Section 3311.18 of the Ohio Revised Code for the purpose of exercising the right and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. As of July 1, 2002, the Center was increased from fifteen to nineteen school districts, by adding Lordstown Local, McDonald Local, Weathersfield Local and Niles City, as well as, Bloomfield-Mespo Local, Bristol Local, Brookfield Local, Champion Local, Joseph Badger Local, LaBrae Local, Lakeview Local, Liberty Local, Maplewood Local, Mathews Local, Southington Local, and one representative each from Warren City, Girard City, Newton Falls Exempted Village, and Hubbard Exempted Village.

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

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

Board Resolution No. 02-63 states that the Center shall operate under a nineteen-member Board of Education consisting of 1 member from each member school's board of education, and initially (January 1, 2003) each board member shall serve one, two, and three year terms, and thereafter, successors to these members shall serve for successive two year terms so that no more than five members are appointed each year. The Center provides educational services as authorized and mandated by state or federal agencies. The Center employs 45 noncertified and 101 certified employees to provide services to approximately 815 students.

The general purpose financial statements (GPFS) of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities, unless those pronouncements conflict with or contradict GASB pronouncements. The Center's significant accounting policies are described below.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or (3) provide financial support to the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of this criteria, the Center has no component units. The financial statements of the reporting entity include only those of the Center (the primary government). The following organizations are described due to their relationship to the Center:

*JOINTLY GOVERNED ORGANIZATION*

North East Ohio Management Information Network (NEOMIN)

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

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

*PUBLIC ENTITY RISK POOLS*

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Trumbull County Insurance Consortium (Consortium)

The District participates in the Consortium. The Consortium is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

*PROPRIETARY FUNDS*

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*FIDUCIARY FUNDS*

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

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

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

**D. Basis of Accounting**

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

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

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as donated commodities revenue.

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

**E. Budgets**

The Center is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2003 is as follow:

1. Prior to January 15, the Superintendent and Treasury submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2003.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level.

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

**F. Cash and Investments**

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

During fiscal year 2003, investments were limited to repurchase agreements, no-load money market mutual funds, non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The Center has invested funds in STAR Ohio during fiscal 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investment in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2003 amounted to \$131,684 which includes \$23,096 assigned from other Center funds.

For purposes of the statement of cash flows and for presentation on the Statement of Net Assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

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

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Center increased its capitalization threshold from five hundred dollars to two thousand dollars for its general fixed assets during fiscal 2003. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2003, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and future retirement obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability in the fund financial statements when due.

**L. Fund Balance Reserves/Designations**

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

**M. Net Assets**

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

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

**N. Estimates**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**O. Restricted Assets**

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

**P. Operating Revenues and Expenses**

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

**Q. Interfund Activity**

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

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2003.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Changes in Accounting Principles and Restatement of Fund Balance**

For fiscal year 2003, the 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 Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2002, there was no effect on fund balance as a result of implementing GASB Statements 37, 38 and 41.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, 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 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 Center not being able to present budgetary comparisons for the general and each major special revenue fund.

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. 34 creates new basic financial statements for reporting on the Center's financial activities. The basic 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 show the Center's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

**Governmental Activities - Fund Reclassification and Restatement of Fund Balance** - Certain funds have been reclassified to properly reflect their intended purpose in accordance with the Standards of GASB Statement No. 34. Certain funds previously reported as enterprise, internal service, and expendable trust funds have been reclassified and are now part of the general fund and other nonmajor governmental funds. It was also determined that GASB Interpretation No. 6 had an effect on fund balance as previously reported at June 30, 2002.

The fund reclassifications and the implementation of GASB Interpretation No. 6 had the following effect on the Center's governmental fund balances as previously reported:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance			
June 30, 2002	\$ 6,095,005	\$ 981,703	\$ 7,076,708
Fund reclassifications	154,581	(18,001)	136,580
Implementation of GASB			
Interpretation No. 6	<u>17,252</u>	<u>(25,785)</u>	<u>(8,533)</u>
Adjusted fund balance			
June 30, 2002	<u>\$ 6,266,838</u>	<u>\$ 937,917</u>	<u>\$ 7,204,755</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

The transition from governmental fund balances to net assets of the governmental activities is presented as follows:

	<u>Total</u>
Adjusted fund balance, June 30, 2002	\$ 7,204,755
GASB 34 adjustments:	
Long-term (deferred) assets	687,674
Capital assets	1,875,410
Long-term liabilities	(2,244,596)
Governmental activities net assets, June 30, 2002	\$ 7,523,243

**Business-Type Activities - Fund Reclassification and Restatement of Fund Balance** - Certain funds previously reported as enterprise funds are now reported in the general fund and as other non major governmental funds to properly reflect the intended purpose. In addition, capital assets previously reported in the Adult Education enterprise fund have been restated to correct errors and omissions in the prior fiscal year and due to the increase in threshold.

	<u>Enterprise</u>
Fund equity as previously reported	\$ (26,194)
Fund reclassification	(129,713)
Adjustment for capital assets	127,557
Restated net assets as of January 1, 2002	\$ (28,350)

**B. Deficit Fund Balances**

Fund balances at June 30, 2003 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Food Service	\$ (16,077)
Uniform School Supplies	(20,359)
Career Development	(8,315)
Adult Full Service	(2,700)
Management Information Services	(1,831)
Carl D. Perkins	(100,896)
Title II A - Reducing Class Size	(171)
Adult Workforce Report Grant	(3,447)

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

These funds complied with Ohio state law, which does not permit cash basis deficits. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

Monies held by the Center into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

*Cash on Hand:* At fiscal year-end, the Center had \$500 in undeposited cash on hand, which is included on the combined balance sheet of the Center as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements".

*Deposits:* At year-end, the carrying amount of the Center's deposits was \$3,198,448 and the bank balance was \$3,223,542. These balances included \$4.0 million in nonnegotiable certificates of deposit. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$3,023,542 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the Center. Although all State statutory requirements for the deposits of money had been followed, non-compliance with federal requirements would potentially subject the Center to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be placed as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Investments:* Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the Center. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the Center's name. STAR Ohio and no-load money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. The following is a breakdown of the Center's investment:

	Category 3	Carrying Amount	Fair Value
Repurchase agreements	\$ 88,978	\$ 88,978	\$ 88,978
Not subject to categorization:			
Investment in STAR Ohio		4,044,102	4,044,102
No-load money market mutual fund		1,217,699	1,217,699
Total investments		\$ 5,350,779	\$ 5,350,779

The classification of cash and cash equivalents on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 8,549,727	\$ -
Investments of the cash management pool:		
Repurchase agreements	(88,978)	88,978
Investments in STAR Ohio	(4,044,102)	4,044,102
No-load money market mutual fund	(1,217,699)	1,217,699
Cash on hand	(500)	-
GASB Statement No. 3	\$ 3,198,448	\$ 5,350,779

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2003, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 125,733
General Fund	Adult Education Fund	<u>80,188</u>
Total Interfund Loans		<u>\$ 205,921</u>

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

- B.** Interfund transfers for the year ended June 30, 2003, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor Governmental Funds	\$ 555,322
Adult Education Fund	<u>653,478</u>
Total Transfers In/Out	<u>\$ 1,208,800</u>

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

- C.** Due to/from other funds consisted of the following at June 30, 2003, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 13,523
General Fund	Adult Education Fund	<u>2,191</u>
Total Due to/from Other Funds		<u>\$ 15,714</u>

The primary purpose of the amount due to the general fund is to clear a negative cash balance in the Uniform School Supplies special revenue fund. The other purpose are the amounts due for the accumulation of workers' compensation. Interfund loans between governmental funds will be eliminated on the government-wide statements.

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Center. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 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 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Center prior to June 30.

The Center receives property taxes from Trumbull County. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available as an advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$26,594 in the general fund which has been recorded as revenue. The amount available as an advance at June 30, 2002 was \$20,378 in the general fund.

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>2002 Second Half Collections</u>		<u>2003 Second Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,794,115,480	82.33	\$ 2,334,914,200	82.31
Public utility personal	104,122,260	4.78	147,138,910	5.19
Tangible personal property	<u>280,905,970</u>	<u>12.89</u>	<u>354,633,987</u>	<u>12.50</u>
Total	<u>\$ 2,179,143,710</u>	<u>100.00</u>	<u>\$ 2,836,687,097</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.40		\$ 2.40	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

**Governmental Activities**

Taxes - current and delinquent	\$ 6,693,206
Accounts	3,695
Intergovernmental	125,733
Accrued interest	<u>10,505</u>
Total receivables	<u>\$ 6,833,139</u>

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 8 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to a change in the Center's capital asset policy (see Note 2.H. for detail):

	Balance <u>June 30, 2002</u>	<u>Adjustments</u>	Restated Balance <u>June 30, 2002</u>
<b>Governmental Activities</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ -	\$ 432,770	\$ 432,770
Total capital assets, not being depreciated	<u>-</u>	<u>432,770</u>	<u>432,770</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	474,025	142,979	617,004
Building and improvements	9,005,433	3,134,435	12,139,868
Furniture and equipment	3,253,517	(631,608)	2,621,909
Vehicles	106,871	4,460	111,331
Total capital assets, being depreciated	<u>12,839,846</u>	<u>2,650,266</u>	<u>15,490,112</u>
<i>Less: accumulated depreciation</i>	<u>-</u>	<u>(14,047,472)</u>	<u>(14,047,472)</u>
Governmental activities capital assets, net	<u>\$12,839,846</u>	<u>\$(10,964,436)</u>	<u>\$ 1,875,410</u>
<b>Business-Type Activities</b>			
<i>Capital assets, being depreciated:</i>			
Furniture/equipment	\$ 74,567	\$ 674,698	\$ 749,265
<i>Less: accumulated depreciation</i>	<u>(72,470)</u>	<u>(516,377)</u>	<u>(588,847)</u>
Business-type activities capital assets, net	<u>\$ 2,097</u>	<u>\$ 158,321</u>	<u>\$ 160,418</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**B.** Capital asset activity for the fiscal year-ended June 30, 2003, was as follows:

	Restated Balance <u>June 30, 2002</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2003</u>
<b>Governmental Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 432,770	\$ -	\$ -	\$ 432,770
Construction-in-Progress	<u>-</u>	<u>69,147</u>	<u>-</u>	<u>69,147</u>
Total capital assets, not being depreciated	<u>432,770</u>	<u>69,147</u>	<u>-</u>	<u>501,917</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	617,004	-	-	617,004
Building/improvements	12,139,868	702,829	-	12,842,697
Furniture/equipment	2,621,909	11,183	-	2,633,092
Vehicles	<u>111,331</u>	<u>-</u>	<u>-</u>	<u>111,331</u>
Total capital assets, being depreciated	<u>15,490,112</u>	<u>714,012</u>	<u>-</u>	<u>16,204,124</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(290,775)	(33,366)	-	(324,141)
Building/improvements	(12,031,641)	(14,614)	-	(12,046,255)
Furniture/equipment	(1,652,142)	(135,553)	-	(1,787,695)
Vehicles	<u>(72,914)</u>	<u>(7,005)</u>	<u>-</u>	<u>(79,919)</u>
Total accumulated depreciated	<u>(14,047,472)</u>	<u>(190,538)</u>	<u>-</u>	<u>(14,238,010)</u>
Governmental activities capital assets, net	<u>\$ 1,875,410</u>	<u>\$ 592,621</u>	<u>\$ -</u>	<u>\$ 2,468,031</u>
<b>Business-Type Activities</b>				
<i>Capital assets, being depreciated:</i>				
Furniture/equipment	749,265	-	-	749,265
<i>Less: accumulated depreciation</i>	<u>(588,847)</u>	<u>(40,844)</u>	<u>-</u>	<u>(629,691)</u>
Business-type activities capital assets, net	<u>\$ 160,418</u>	<u>\$ (40,844)</u>	<u>\$ -</u>	<u>\$ 119,574</u>

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

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 782
Special	1,141
Vocational	120,679
Support Services:	
Pupil	1,248
Instructional staff	2,719
Board of Education	73
Administration	4,124
Fiscal	30,409
Operations and maintenance of plant	6,139
Pupil transportation	22,811
Food Service Operations	<u>413</u>
Total depreciation expense	<u>\$ 190,538</u>

**NOTE 9 - OPERATING LEASE**

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

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

The compensation payments set forth above shall increase 10% during the second year, 20% during the third year and 30% during the fourth year. The compensation adjustment will be made annually on July 1. The total estimated payments to be made by the Center during the term of the lease is \$705,254. During the current fiscal year payment totaling \$175,000 were made on the lease.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 9 - OPERATING LEASE - (Continued)**

<u>Year ending June 30</u>	<u>Future Minimum Rental Payments</u>
2004	\$ 168,648
2005	183,979
2006	<u>199,311</u>
Total	<u>\$ 551,938</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. Energy Conservation Notes: The Energy Conservation Notes outstanding were issued to provide funds for energy conservation measures and the general obligation of the Center, for which the full faith and credit of the Center is pledged for repayment. Accordingly, such unmatured obligations of the Center are accounted for in the government-wide financial statements. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from within the 10 mill tax levy.

The following is a description of the Center's energy conservation notes outstanding as of June 30, 2003:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Principal Maturity Date</u>	<u>Balance June 30, 2002</u>	<u>Retired in 2003</u>	<u>Balance June 30, 2003</u>
Energy conservation notes	5.00%	07/15/99	06/15/13	\$ <u>1,254,663</u>	\$ <u>(88,054)</u>	\$ <u>1,166,609</u>

Future principal and interest requirements to retire the energy conservation notes at June 30, 2003 are as follows:

<u>Year Ending June 30,</u>	<u>Principal on Notes</u>	<u>Interest on Notes</u>	<u>Total</u>
2004	\$ 92,358	\$ 57,347	\$ 149,705
2005	97,188	52,517	149,705
2006	102,108	47,597	149,705
2007	107,277	42,428	149,705
2008	112,610	37,095	149,705
2009 - 2013	<u>655,068</u>	<u>93,459</u>	<u>748,527</u>
Total	<u>\$ 1,166,609</u>	<u>\$ 330,443</u>	<u>\$ 1,497,052</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B.** The balance of the Center's governmental activities long-term obligations at June 30, 2002 has been restated. The compensated absences liability increased \$140,449 from \$844,108 to \$984,557 due to the implementation of GASB Interpretation No. 6 and the fund reclassifications described in Note 3.A. In addition, pension obligations of \$4,569 at June 30, 2002 are not reported as a component of governmental activities long-term obligations as they are paid within one year of fiscal year-end. Pension obligations are reported separately on the statement of net assets. The effect on the total governmental activities long-term obligations at July 1, 2002 was a increase of \$135,880 from \$2,103,340 to \$2,239,220. During the fiscal year 2003, the following changes occurred in governmental activities long-term obligations:

	Restated Balance <u>June 30, 2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2003</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities</b>					
Compensated absences payable	\$ 984,557	\$ 123,361	\$ (25,785)	\$ 1,082,133	\$ 130,386
Energy conservation notes payable	<u>1,254,663</u>	<u>-</u>	<u>(88,054)</u>	<u>1,166,609</u>	<u>92,358</u>
Total governmental activities long-term liabilities	<u>\$ 2,239,220</u>	<u>\$ 123,361</u>	<u>\$ (113,839)</u>	<u>\$ 2,248,742</u>	<u>\$ 222,744</u>
<b>Business-Type Activities</b>					
Compensated absences	<u>88,814</u>	<u>-</u>	<u>(43,399)</u>	<u>45,415</u>	<u>16,866</u>
Total business-type activities long-term liabilities	<u>\$ 88,814</u>	<u>\$ -</u>	<u>\$ (43,399)</u>	<u>\$ 45,415</u>	<u>\$ 16,866</u>

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

**C. Legal Debt Margin**

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

The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$255,302,019 an unvoted debt margin of \$2,836,289, and energy conservation debt margin of \$24,363,593.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 11 - COMPENSATED ABSENCES**

**A. Compensated Absences**

Sick Leave:

Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Severance pay is based upon the per diem rate paid the employee at the time of the employee's retirement from the Center. An employee with five (5) or more years of service in the Center who elects to retire from active service shall receive 1/3 of the value of his/her accrued and unused sick leave to a maximum of sixty days (60). In addition, employees with thirteen (13) or more years of service in the Center shall receive an added sum equal to 1/8 of the accrued and unused sick leave in excess of sixty (60) days (1/3 of 180 days).

Vacation Leave:

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

**B. Life Insurance**

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

**C. Retirement Incentive**

The Center had a retirement incentive bonus in place during fiscal year 2003. This bonus is available to both classified and certified employees in the amount of \$14,000 and \$7,000, respectively. Employees retiring the first time they are eligible to retire based upon SERS/STRS eligibility will receive the bonus. First time eligibility means:

- A. Any age with at least 30 years of service credit
- B. Age 55 or over with at least 25 years of service credit
- C. Age 60 or over with at least 5 years of service credit

At June 30, 2003, one employee elected to take the retirement incentive bonus. The liability is recorded in the general fund as it was liquidated using expendable available resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

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

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

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

**B. Employee Health and Dental Insurance**

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

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

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

**C. Workers' Compensation**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The Center's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$150,676, \$171,207, and \$181,401, respectively; 100% has been contributed for fiscal year 2003, 2002 and 2001.

**B. State Teachers Retirement System**

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Plan members are required to contribute 9.3% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 9.5% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The Center's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$763,550, \$680,364, and \$757,956, respectively; 100% has been contributed for fiscal year 2003, 2002 and 2001. Contributions to the DC and Combined Plans for fiscal 2003 were \$2,381 made by the District and \$8,520 made by plan members.

**NOTE 14 - POSTEMPLOYEMENT BENEFITS**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the Center, this amount equaled \$54,539 during fiscal 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the Center, the amount to fund health care benefits, including surcharge, equaled \$69,281 during the 2003 fiscal year.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

	<u>General Fund</u>
Budget basis	\$ 486,324
Net adjustment for revenue accruals	(46,949)
Net adjustment for expenditure accruals	(126,878)
Net adjustment for other sources/uses	(295,074)
Adjustment for encumbrances	<u>77,489</u>
GAAP basis	<u>\$ 94,912</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**C. State School Funding Decision**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 16 - CONTINGENCIES - (Continued)**

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

**NOTE 17 - STATUTORY RESERVES**

The Center is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2002	\$ (227,041)	\$ (1,161,125)	\$ 49,002
Current year set-aside requirement	97,863	97,863	-
Current year offsets	-	(97,863)	-
Qualifying disbursements	<u>(310,279)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (439,457)</u>	<u>\$ (1,161,125)</u>	<u>\$ 49,002</u>
Balance carried forward to FY 2004	<u>\$ (439,457)</u>	<u>\$ (1,161,125)</u>	<u>\$ 49,002</u>

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

Effective April 10, 2001, Amended Senate Bill 345 amended ORC Section 5705.29(H), eliminating the requirement for the Center to establish and maintain a budget stabilization reserve. As of June 30, 2002, the Center's Board passed a resolution to maintain the budget stabilization reserve. Since the BWC refund portion is restricted by state statute, it is shown separately as restricted cash and reserved fund balance in the general fund. The amount set-aside by the Center's Board for budget stabilization is reported as designated fund balance in the general fund as the amount is not restricted by an outside and/or legal source. The balance in the budget stabilization designation at June 30, 2003 is \$241,480.

A schedule of the governmental fund restricted assets at June 30, 2003 follows:

Amount restricted for BWC refunds	<u>\$ 49,002</u>
Total restricted assets	<u>\$ 49,002</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$4,833		\$4,833
National School Lunch Program		10.555	\$55,804		\$55,804	
Total U.S. Department of Agriculture - Nutrition Cluster			55,804	4,833	55,804	4,833
<b><u>OFFICE OF LIBRARY SERVICES, INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u></b>						
<i>Passed Through State Library Board of Ohio</i>						
State Library Program		45.310	13,006		13,006	
Total National Foundation on the Arts and the Humanities			13,006		13,006	
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
Direct Programs						
Student Financial Aid Cluster:						
Federal Family Education Loan Program		84.032	136,871		136,871	
Federal Pell Grant Program		84.063	245,725		245,725	
Total Student Financial Aid Cluster - Direct Programs			382,596		382,596	
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education- State Grant Program	AB-S1-02	84.002	76,822		10,655	
	AB-S1-03	84.002	78,244		97,979	
Total Adult Education - State Grant Program			155,066		108,634	
Vocational Education-Basic Grants to States						
Carl D. Perkins VEPD	CPII-S02	84.048	208,632		40,659	
(Secondary and Adult Grants)	CPII-S03	84.048	556,606		508,581	
	CPII-A02	84.048	25,452		4,713	
	CPII-A03	84.048	57,557		67,714	
	VEAR-00	84.048	25,363		16,520	
	VENDC-02	84.048			1,400	
Total Vocational Education-Basic Grants to States			873,610		639,587	
Safe and Drug-Free Schools	DR-S1-03	84.186	1,888		1,888	
Eisenhower Professional Development State Grants	MS-S1-02	84.281			1,815	
Innovative Educational Program Strategies	C2-S1-03	84.298	3,277		3,749	
Improving Teacher Quality State Grants	TR-S1-03	84.367	3,717		3,888	
Total Department of Education			1,420,154		1,142,157	
<b>Totals</b>			<b>\$1,488,964</b>	<b>\$4,833</b>	<b>\$1,210,967</b>	<b>\$4,833</b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY  
FISCAL YEAR ENDED JUNE 30, 2003**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B—CHILD NUTRITION CLUSTER**

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Trumbull Career & Technical Center  
Trumbull County  
528 Educational Highway  
Warren, Ohio 44483

To the Board of Education:

We have audited the financial statements of Trumbull Career & Technical Center as of and for the year ended June 30, 2003, and have issued our report thereon dated April 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether Trumbull Career & Technical Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

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

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

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

**Betty Montgomery**  
Auditor of State

April 26, 2004



## Auditor of State Betty Montgomery

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

Trumbull Career & Technical Center  
Trumbull County  
528 Educational Highway  
Warren, Ohio 44483

To the Board of Education:

#### Compliance

We have audited the compliance of Trumbull Career & Technical Center with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. Trumbull Career & Technical Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Trumbull Career & Technical Center's management. Our responsibility is to express an opinion on Trumbull Career & Technical Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Trumbull Career & Technical Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Trumbull Career & Technical Center's compliance with those requirements.

In our opinion, Trumbull Career & Technical Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

#### Internal Control Over Compliance

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

Trumbull Career & Technical Center  
Independent Accountants' Report on Compliance with Requirements  
Applicable to Major Federal Programs and Internal Control Over  
Compliance In Accordance With OMB Circular A-133

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

**Betty Montgomery**  
Auditor of State

April 26, 2004

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY  
JUNE 30, 2003**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	84.032, 84.063 – Student Financial Aid Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505**

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY  
JUNE 30, 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	None
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<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**1. Title of Finding**

<b>Finding Number</b>	None
<b>CFDA Title and Number</b>	
<b>Federal Award Number / Year</b>	
<b>Federal Agency</b>	
<b>Pass-Through Agency</b>	



**Auditor of State  
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**TRUMBULL CAREER AND TECHNICAL CENTER**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 29, 2004**