

**Columbiana County Career and  
Technical Center**

***Audited Financial Statements***

***June 30, 2006***





Mary Taylor, CPA  
Auditor of State

Board of Education  
Columbiana County Career and Technical Center  
9364 State Route 45  
Lisbon, Ohio 44432

We have reviewed the *Independent Auditor's Report* of the Columbiana County Career and Technical Center, Columbiana County, prepared by Rea & Associates, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbiana County Career and Technical Center is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 1, 2007

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**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY**

**JUNE 30, 2006**

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COLUMBIANA COUNTY**

**JUNE 30, 2006**

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**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

March 15, 2007

To the Board of Education  
Columbiana County Career and Technical Center  
Lisbon, OH 44432

**Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Columbiana County Career and Technical Center (the "Center"), Columbiana County, Ohio as of and for the year ended June 30, 2006, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, each major fund and the aggregate remaining fund information of the Columbiana County Career and Technical Center, Columbiana County, Ohio as of June 30, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 15, 2007, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Columbiana County Career and Technical Center  
Independent Accountants' Report  
March 15, 2007  
Page 2

Management's Discussion and Analysis on pages 3 through 12 are not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Hea & Associates, Inc.*

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED**

The discussion and analysis of the Columbiana County Career and Technical Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

**Financial Highlights**

Key financial highlights for 2006 are as follows:

- In total, net assets of governmental activities increased \$349,113 which represents a 3.70% increase from 2005.
- General revenues accounted for \$5,715,961 in revenue or 72.30% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,190,131 or 27.70% of total revenues of \$7,906,092.
- The Center had \$7,556,979 in expenses related to governmental activities; \$2,190,131 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,715,961 were adequate to provide for these programs.
- The Center's major governmental funds are the general fund and permanent improvement fund. The general fund had \$6,087,369 in revenues and \$5,698,235 in expenditures and other financing uses. During fiscal year 2006, the general fund's fund balance increased \$389,134 from \$1,201,868 to \$1,591,002.
- The permanent improvement fund had \$107,486 in revenues and \$207,883 in expenditures. During fiscal year 2006, the permanent improvement fund's fund balance decreased \$100,397 from \$906,128 to \$805,731.

**Using these Basic Financial Statements**

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

**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 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The Center's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

*Fund Financial Statements*

The analysis of the Center's major governmental funds begins on page 9. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the general fund and permanent improvement 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 financial 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 basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

*Proprietary Funds*

The Center maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center's internal service fund accounts for medical/surgical and dental self-insurance benefits. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

***Reporting the Center's Fiduciary Responsibilities***

The Center acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 23. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-47 of this report.

**The Center as a Whole**

Recall that 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 2006 and 2005.

	<b>Net Assets</b>	
	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 5,498,467	\$ 5,085,776
Capital assets, net	<u>7,072,322</u>	<u>7,146,576</u>
Total assets	<u>12,570,789</u>	<u>12,232,352</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,442,043	2,468,446
Long-term liabilities	<u>343,865</u>	<u>328,138</u>
Total liabilities	<u>2,785,908</u>	<u>2,796,584</u>
<b><u>Net Assets</u></b>		
Invested in capital assets	7,072,322	7,146,576
Restricted	838,216	920,570
Unrestricted	<u>1,874,343</u>	<u>1,368,622</u>
Total net assets	<u>\$ 9,784,881</u>	<u>\$ 9,435,768</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the Center's assets exceeded liabilities by \$9,784,881. Of this total, \$1,874,343 is unrestricted in use.

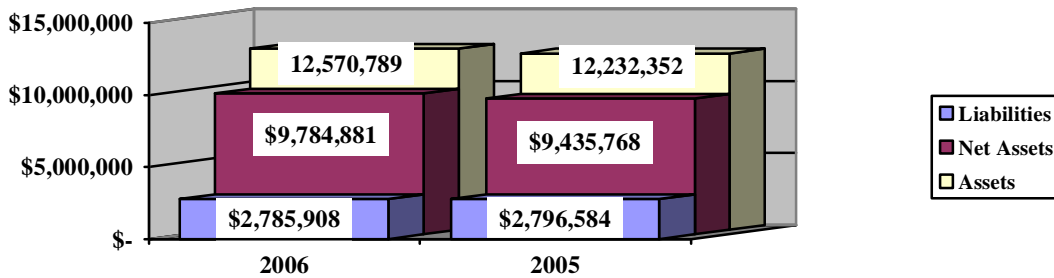
**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED**

At year-end, capital assets represented 56.26% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. The Center had \$7,072,322 invested in capital assets at June 30, 2006. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the Center's net assets, \$838,216, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,874,343 may be used to meet the Center's ongoing obligations to the students and creditors.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2006 and 2005.

**Change in Net Assets**

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,113,204	\$ 888,983
Operating grants and contributions	1,073,257	1,071,134
Capital grants and contributions	3,670	3,670
General revenues:		
Property taxes	1,964,392	1,849,023
Grants and entitlements	3,641,528	3,658,254
Investment earnings	<u>110,041</u>	<u>63,284</u>
Total revenues	<u>7,906,092</u>	<u>7,534,348</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

**Change in Net Assets**

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 662,206	\$ 720,237
Special	220,788	247,358
Vocational	3,484,491	3,630,779
Adult/continuing	89,174	111,936
Support services:		
Pupil	543,636	477,750
Instructional staff	484,971	408,231
Board of education	22,138	59,535
Administration	761,213	666,988
Fiscal	197,414	249,365
Operations and maintenance	761,094	706,562
Pupil transportation	2,993	4,733
Central	55,142	71,106
Operations of non-instructional services:		
Non-instructional services	-	73,099
Food service operations	263,341	237,035
Extracurricular activities	<u>8,378</u>	<u>6,284</u>
Total expenses	<u>7,556,979</u>	<u>7,670,998</u>
Change in net assets	349,113	(136,650)
Net assets at beginning of year	<u>9,435,768</u>	<u>9,572,418</u>
Net assets at end of year	<u>\$ 9,784,881</u>	<u>\$ 9,435,768</u>

**Governmental Activities**

Net assets of the Center's governmental activities increased \$349,113. Total governmental expenses of \$7,556,979 were offset by program revenues of \$2,190,131 and general revenues of \$5,715,961. Program revenues supported 28.98% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 70.91% of total governmental revenue.

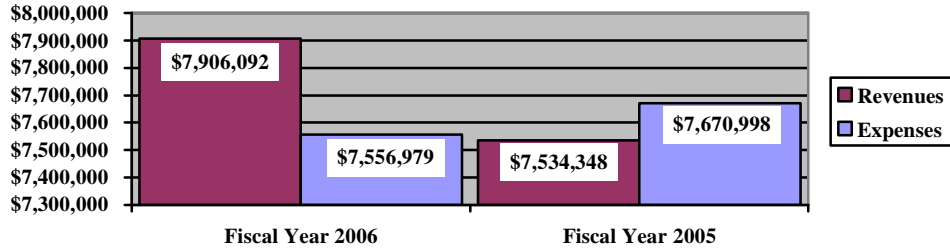
The largest expense of the Center is for instructional programs. Instruction expenses totaled \$4,456,659 or 58.97% of total governmental expenses for fiscal 2006.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
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The graph below presents the Center's governmental activities revenue and expenses for fiscal year 2006 and 2005.

**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. 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>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 662,206	\$ 238,723	\$ 720,237	\$ 318,754
Special	220,788	220,788	247,358	247,358
Vocational	3,484,491	2,517,205	3,630,779	2,899,291
Adult/continuing	89,174	(5,670)	111,936	449
Support services:				
Pupil	543,636	68,260	477,750	110,351
Instructional staff	484,971	469,416	408,231	326,332
Board of education	22,138	22,138	59,535	59,535
Administration	761,213	744,021	666,988	648,735
Fiscal	197,414	197,265	249,365	248,255
Operations and maintenance	761,094	753,596	706,562	697,613
Pupil transportation	2,993	2,993	4,733	4,733
Central	55,142	47,142	71,106	63,106
Operations of non-instructional services:				
Non-instructional services	-	-	73,099	11,157
Food service operations	263,341	82,593	237,035	65,258
Extracurricular activities	<u>8,378</u>	<u>8,378</u>	<u>6,284</u>	<u>6,284</u>
<b>Total expenses</b>	<b><u>\$ 7,556,979</u></b>	<b><u>\$ 5,366,848</u></b>	<b><u>\$ 7,670,998</u></b>	<b><u>\$ 5,707,211</u></b>

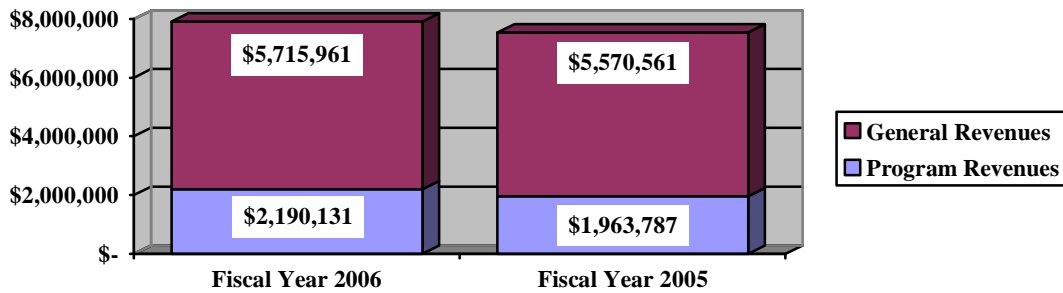
**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED**

The dependence upon tax and other general revenues for governmental activities is apparent, 66.67% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 71.02%. The Center's taxpayers, as a whole, are by far the primary support for Career Center's students.

The graph below presents the Center's governmental activities revenue for fiscal year 2006 and 2005.

**Governmental Activities - General and Program Revenues**



**The Career Center's Funds**

The Center's governmental funds reported a combined fund balance of \$2,578,814, which is higher than last year's total of \$2,215,424. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance <u>June 30, 2006</u>	Fund Balance <u>June 30, 2005</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 1,591,002	\$ 1,201,868	\$ 389,134	32.38 %
Permanent Improvement	805,731	906,128	(100,397)	(11.08) %
Other Governmental	<u>182,081</u>	<u>107,428</u>	<u>74,653</u>	69.49 %
Total	<u>\$ 2,578,814</u>	<u>\$ 2,215,424</u>	<u>\$ 363,390</u>	16.40 %

**General Fund**

The Center's general fund balance increased \$389,134. The increase in fund balance can be attributed to several items related to increased revenues and decreasing expenditures. The table that follows assists in illustrating the financial activities and fund balance of the general fund.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 1,964,004	\$ 1,781,782	\$ 182,222	10.23 %
Tuition	341,284	311,931	29,353	9.41 %
Intergovernmental	3,641,528	3,658,254	(16,726)	(0.46) %
Classroom Materials and fees	67,941	62,176	5,765	9.27 %
Other revenues	<u>72,612</u>	<u>70,454</u>	<u>2,158</u>	3.06 %
 Total	 <u>\$ 6,087,369</u>	 <u>\$ 5,884,597</u>	 <u>\$ 202,772</u>	 3.45 %
<b><u>Expenditures</u></b>				
Instruction	\$ 3,426,005	\$ 3,734,291	\$ (308,286)	(8.26) %
Support services	2,192,402	2,076,341	116,061	5.59 %
Non-instructional services	-	70,817	(70,817)	(100.00) %
Extracurricular activities	8,378	6,284	2,094	33.32 %
Facilities acquisition and construction	<u>4,500</u>	<u>107,326</u>	<u>(102,826)</u>	(95.81) %
 Total	 <u>\$ 5,631,285</u>	 <u>\$ 5,995,059</u>	 <u>\$ (363,774)</u>	 (6.07) %

***Permanent Improvement Fund***

The permanent improvement fund had \$107,486 in revenues and \$207,883 in expenditures. During fiscal year 2006, the permanent improvement fund's fund balance decrease \$100,397 from \$906,128 to \$805,731.

***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 2006, the Center amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$5,963,499 and final budgeted revenues and other financing sources were \$6,105,493. Actual revenues and other financing sources for fiscal 2006 was \$6,093,607. This represents a \$11,886 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$6,292,383 were increased to \$6,294,433 in the final appropriated budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$6,007,432, which was \$287,001 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2006, the Center had \$7,072,322 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. This entire amount is reported in governmental activities. The following table shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities	
	2006	2005
Land	\$ 152,290	\$ 152,290
Land improvements	41,645	44,265
Building and improvements	6,135,608	6,366,566
Furniture and equipment	579,076	575,973
Vehicles	4,489	7,482
Construction in progress	159,214	-
 Total	 \$ 7,072,322	 \$ 7,146,576

The overall decrease in capital assets of \$74,254 is due to depreciation expense of \$349,214 exceeding capital outlays of \$274,960 in the fiscal year.

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

*Debt Administration*

At June 30, 2006, the Center had no debt outstanding.

See Note 9 to the basic financial statements for additional information on the Center's long-term obligations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
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**Current Financial Related Activities**

The Center's financial affairs are carefully managed to provide the best possible educational services with the financial resources available. As the financial statements report, the Center relies heavily upon grants, entitlements, and local property taxes. These financial resources are used to provide an education commensurate with State requirements and always striving to go beyond the minimum standards.

The uncertain future of growth in state funding presents an ongoing challenge for long-range financial planning. The Center has been on the guarantee since 2000 and has received over \$2.44 million in guarantee funding. There has been no increase in state aid for the past seven years. The 2000 guarantee has been replaced with transitional aid for the 2006 fiscal year and will provide the same level of state funding for 2006 and 2007. It is uncertain how this transitional aid will be phased out and to what extent the Center will be affected by its elimination.

These financial statements represent the continued effort to keep our residents informed of the prudent use of their tax dollars. The Center will continue to meet the financial challenges of providing a sound vocational program in an ever-changing economic environment while maintaining financial integrity.

**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 Ms. Janet Ward, Treasurer, Columbiana County Career and Technical Center, 9364 State Route 45, Lisbon, Ohio 44432.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 3,094,940
Cash with fiscal agent . . . . .	314,861
Receivables:	
Taxes . . . . .	2,037,805
Accounts . . . . .	18,974
Intergovernmental. . . . .	15,078
Accrued interest. . . . .	4,532
Prepayments. . . . .	8,280
Materials and supplies inventory . . . . .	3,997
Capital assets:	
Land . . . . .	152,290
Construction in progress . . . . .	159,214
Depreciable capital assets, net . . . . .	6,760,818
Total capital assets, net. . . . .	<u>7,072,322</u>
Total assets. . . . .	<u>12,570,789</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	14,245
Contracts payable. . . . .	145,250
Accrued wages and benefits . . . . .	447,674
Pension obligation payable. . . . .	60,408
Intergovernmental payable . . . . .	36,429
Unearned revenue . . . . .	1,692,646
Claims payable . . . . .	45,391
Long-term liabilities:	
Due within one year. . . . .	85,214
Due within more than one year . . . . .	258,651
Total liabilities . . . . .	<u>2,785,908</u>
<b>Net Assets:</b>	
Invested in capital assets . . . . .	7,072,322
Restricted for:	
Capital projects . . . . .	810,263
State funded projects . . . . .	3,742
Federally funded projects . . . . .	24,211
Unrestricted . . . . .	<u>1,874,343</u>
Total net assets. . . . .	<u>\$ 9,784,881</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 662,206	\$ 423,483	\$ -	\$ -	\$ (238,723)
Special . . . . .	220,788	-	-	-	(220,788)
Vocational . . . . .	3,484,491	613,750	353,536	-	(2,517,205)
Adult/continuing . . . . .	89,174	-	94,844	-	5,670
Support services:					
Pupil . . . . .	543,636	-	475,376	-	(68,260)
Instructional staff . . . . .	484,971	646	14,909	-	(469,416)
Board of education . . . . .	22,138	-	-	-	(22,138)
Administration . . . . .	761,213	294	16,898	-	(744,021)
Fiscal . . . . .	197,414	104	45	-	(197,265)
Operations and maintenance . . . . .	761,094	-	3,828	3,670	(753,596)
Pupil transportation . . . . .	2,993	-	-	-	(2,993)
Central . . . . .	55,142	-	8,000	-	(47,142)
Food service operations . . . . .	263,341	74,927	105,821	-	(82,593)
Extracurricular activities . . . . .	8,378	-	-	-	(8,378)
Total governmental activities . . . . .	<u>\$ 7,556,979</u>	<u>\$ 1,113,204</u>	<u>\$ 1,073,257</u>	<u>\$ 3,670</u>	<u>(5,366,848)</u>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	1,964,392
Grants and entitlements not restricted to specific programs . . . . .	3,641,528
Investment earnings . . . . .	110,041
Total general revenues . . . . .	<u>5,715,961</u>
Change in net assets . . . . .	349,113
Net assets at beginning of year . . . . .	<u>9,435,768</u>
Net assets at end of year . . . . .	<u>\$ 9,784,881</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,963,311	\$ 950,981	\$ 180,648	\$ 3,094,940
Receivables:				
Taxes . . . . .	2,037,805	-	-	2,037,805
Accounts . . . . .	2,963	-	16,011	18,974
Intergovernmental . . . . .	-	-	15,078	15,078
Accrued interest . . . . .	-	4,532	-	4,532
Prepayments . . . . .	8,280	-	-	8,280
Materials and supplies inventory . . . . .	-	-	3,997	3,997
Total assets . . . . .	<u>\$ 4,012,359</u>	<u>\$ 955,513</u>	<u>\$ 215,734</u>	<u>\$ 5,183,606</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 8,973	\$ -	\$ 5,272	\$ 14,245
Contracts payable . . . . .	-	145,250	-	145,250
Accrued wages and benefits . . . . .	431,309	-	16,365	447,674
Compensated absences payable . . . . .	14,684	-	-	14,684
Pension obligation payable. . . . .	55,024	-	5,384	60,408
Intergovernmental payable. . . . .	29,797	-	6,632	36,429
Deferred revenue. . . . .	1,881,570	4,532	-	1,886,102
Total liabilities . . . . .	<u>2,421,357</u>	<u>149,782</u>	<u>33,653</u>	<u>2,604,792</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	80,160	379,925	21,568	481,653
Reserved for materials and supplies inventory. . . . .	-	-	3,997	3,997
Reserved for prepayments . . . . .	8,280	-	-	8,280
Reserved for property tax unavailable for appropriation . . . . .	161,529	-	-	161,529
Unreserved, undesignated, reported in:				
General fund . . . . .	1,341,033	-	-	1,341,033
Special revenue funds. . . . .	-	-	156,516	156,516
Capital projects funds. . . . .	-	425,806	-	425,806
Total fund balances . . . . .	<u>1,591,002</u>	<u>805,731</u>	<u>182,081</u>	<u>2,578,814</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,012,359</u>	<u>\$ 955,513</u>	<u>\$ 215,734</u>	<u>\$ 5,183,606</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2006

<b>Total governmental fund balances</b>		\$ 2,578,814
<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.		7,072,322
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 188,924	
Accrued interest	<u>4,532</u>	
Total		193,456
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		269,470
Long-term liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.		<u>(329,181)</u>
<b>Net assets of governmental activities</b>		<u>\$ 9,784,881</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,964,004	\$ -	\$ -	\$ 1,964,004
Tuition. . . . .	341,284	-	546,853	888,137
Charges for services. . . . .	-	-	74,927	74,927
Earnings on investments. . . . .	-	103,816	-	103,816
Classroom materials and fees. . . . .	67,941	-	9,587	77,528
Other local revenues. . . . .	72,612	-	14,650	87,262
Intergovernmental - State. . . . .	3,641,528	3,670	360,083	4,005,281
Intergovernmental - Federal . . . . .	-	-	698,524	698,524
Total revenue . . . . .	<u>6,087,369</u>	<u>107,486</u>	<u>1,704,624</u>	<u>7,899,479</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	654,042	-	71	654,113
Special. . . . .	222,586	-	-	222,586
Vocational. . . . .	2,549,377	-	858,114	3,407,491
Adult/continuing education . . . . .	-	-	89,177	89,177
Support services:				
Pupil. . . . .	84,227	-	455,516	539,743
Instructional staff . . . . .	458,531	-	14,190	472,721
Board of education . . . . .	22,138	-	-	22,138
Administration. . . . .	724,542	-	16,487	741,029
Fiscal . . . . .	193,366	-	140	193,506
Operations and maintenance. . . . .	709,598	-	3,600	713,198
Central. . . . .	-	-	42,854	42,854
Food service operations . . . . .	-	-	216,772	216,772
Extracurricular activities. . . . .	8,378	-	-	8,378
Facilities acquisition and construction . . . . .	4,500	207,883	-	212,383
Total expenditures . . . . .	<u>5,631,285</u>	<u>207,883</u>	<u>1,696,921</u>	<u>7,536,089</u>
Excess of revenues over (under) expenditures . . . . .	<u>456,084</u>	<u>(100,397)</u>	<u>7,703</u>	<u>363,390</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	66,950	66,950
Transfers (out). . . . .	(66,950)	-	-	(66,950)
Total other financing sources (uses) . . . . .	<u>(66,950)</u>	<u>-</u>	<u>66,950</u>	<u>-</u>
Net change in fund balances . . . . .	389,134	(100,397)	74,653	363,390
<b>Fund balances</b>				
at beginning of year. . . . .	1,201,868	906,128	107,428	2,215,424
Fund balances at end of year. . . . .	<u>\$ 1,591,002</u>	<u>\$ 805,731</u>	<u>\$ 182,081</u>	<u>\$ 2,578,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA 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, 2006

**Net change in fund balances - total governmental funds** \$ 363,390

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$	274,960	
Current year depreciation		(349,214)	
Total			(74,254)

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

Delinquent property taxes		388	
Accrued interest		(1,577)	
Total			(1,189)

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. (23,128)

Internal service fund for self- insurance is not reported in the expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 84,294

**Change in net assets of governmental activities** \$ 349,113

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA 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, 2006

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,803,642	\$ 1,832,193	\$ 1,842,497	\$ 10,304
Tuition . . . . .	338,621	345,000	345,916	916
Classroom materials and fees . . . . .	62,274	62,081	68,036	5,955
Other local revenues . . . . .	69,306	65,736	70,799	5,063
Intergovernmental - State . . . . .	3,564,734	3,675,561	3,641,528	(34,033)
Total revenue . . . . .	<u>5,838,577</u>	<u>5,980,571</u>	<u>5,968,776</u>	<u>(11,795)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	742,014	742,263	717,121	25,142
Special . . . . .	230,869	230,947	226,530	4,417
Vocational . . . . .	2,730,211	2,731,127	2,600,510	130,617
Support services:				
Pupil . . . . .	94,161	94,193	85,149	9,044
Instructional staff . . . . .	463,065	463,221	461,360	1,861
Board of education . . . . .	47,642	47,658	22,066	25,592
Administration . . . . .	780,435	780,697	748,437	32,260
Fiscal . . . . .	243,875	243,957	194,966	48,991
Operations and maintenance . . . . .	743,696	743,946	739,240	4,706
Central . . . . .	7,497	7,500	7,505	(5)
Extracurricular activities . . . . .	12,745	12,749	8,376	4,373
Facilities acquisition and construction . . . . .	4,498	4,500	4,500	-
Total expenditures . . . . .	<u>6,100,708</u>	<u>6,102,758</u>	<u>5,815,760</u>	<u>286,998</u>
Excess of revenues over (under) expenditures . . . . .	<u>(262,131)</u>	<u>(122,187)</u>	<u>153,016</u>	<u>275,203</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	200	200	109	(91)
Transfers (out) . . . . .	(66,950)	(66,950)	(66,950)	-
Advances in . . . . .	124,722	124,722	124,722	-
Advances (out) . . . . .	(124,725)	(124,725)	(124,722)	3
Total other financing sources (uses) . . . . .	<u>(66,753)</u>	<u>(66,753)</u>	<u>(66,841)</u>	<u>(88)</u>
Net change in fund balance . . . . .	(328,884)	(188,940)	86,175	275,115
<b>Fund balance at beginning of year . . . . .</b>	1,725,588	1,725,588	1,725,588	-
<b>Prior year encumbrances appropriated . . . . .</b>	62,383	62,383	62,383	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,459,087</u>	<u>\$ 1,599,031</u>	<u>\$ 1,874,146</u>	<u>\$ 275,115</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2006

	<b><u>Governmental Activities - Internal Service Fund</u></b>
<b>Assets:</b>	
Current assets:	
Cash with fiscal agent . . . . .	\$ 314,861
Total assets . . . . .	<u>314,861</u>
<b>Liabilities:</b>	
Current liabilities:	
Claims payable. . . . .	<u>45,391</u>
Total liabilities . . . . .	<u>45,391</u>
<b>Net Assets:</b>	
Unrestricted. . . . .	<u>269,470</u>
Total net assets . . . . .	<u><u>\$ 269,470</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Sales/charges for services . . . . .	\$ 869,193
	869,193
<b>Operating expenses:</b>	
Purchased services. . . . .	42,184
Claims . . . . .	750,517
	792,701
Total operating expenses. . . . .	792,701
Operating income . . . . .	76,492
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	7,802
	7,802
Total nonoperating revenues. . . . .	7,802
Change in net assets . . . . .	84,294
<b>Net assets at beginning of year. . . . .</b>	<b>185,176</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 269,470</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from sales/charges for services. . . . .	\$ 869,193
Cash payments for purchased services . . . . .	(42,184)
Cash payments for claims . . . . .	<u>(764,053)</u>
Net cash provided by operating activities . . . . .	<u>62,956</u>
<b>Cash flows from investing activities:</b>	
Interest received. . . . .	<u>7,802</u>
Net cash provided by investing activities . . . . .	<u>7,802</u>
Net increase in cash and cash equivalents . . . . .	70,758
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>244,103</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u><u>\$ 314,861</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 76,492
Changes in assets and liabilities: Decrease in claims payable. . . . .	<u>(13,536)</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 62,956</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2006

		<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$	5,958
Receivables:		
Intergovernmental . . . . .		2,025
Total assets. . . . .	\$	7,983
<b>Liabilities:</b>		
Due to students . . . . .	\$	7,983
Total liabilities . . . . .	\$	7,983

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 1 - DESCRIPTION OF THE CENTER**

The Columbiana County Career and Technical Center (the "Center") is organized under section 3311.88 of the Ohio Revised Code. The Center provides vocational education for 9 school districts serving all eligible students throughout 501 square miles of eastern Ohio, including Columbiana and portions of Mahoning, and Jefferson counties. 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 educational programs designed to meet the common needs and interests of students. The Center is staffed by 58 certificated employees and 18 non-certificated employees to provide service to approximately 445 students.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Center are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations, foods service, preschool and student related activities of the Center.

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 organizations' government board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government). The following organizations are described due to their relationship to the Center:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a jointly governed organization among 22 school districts and 2 county educational service centers. ACCESS 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 governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the Center does not have any equity interest in ACCESS. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 104, Youngstown, Ohio 44512-7019.

*INSURANCE PURCHASING POOL*

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

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

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

Permanent Improvement - The Permanent Improvement fund is used to account for all transactions related to acquiring, construction or improving projects that are approved by Section 5705, Ohio Revised Code.

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 and trust funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

**PROPRIETARY FUND**

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector. The Center has no enterprise funds. The following is a description of the Center's internal service fund:

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

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center's has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency fund accounts for student activities and Center agency services.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Center. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the Center.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Center are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund 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 activity.

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

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. Proprietary and fiduciary funds also use the accrual basis of accounting.

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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.

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, 2006, but which were levied to finance fiscal year 2007 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 received during the year is reported in the financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**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 2006 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Columbiana 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 budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2006.
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 or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2006, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2006, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), non-negotiable certificates of deposit and a repurchase agreement. 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 and non negotiable certificates of deposit are reported at cost.

The Center has invested funds in STAR Ohio during fiscal 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the Permanent Improvement capital projects fund. Interest revenue credited to the Permanent Improvement fund during fiscal year 2006 amounted to \$103,816, which includes \$71,291 assigned from other Center funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2006, the Center maintained a capitalization threshold of \$2,500. 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. The Center does not possess infrastructure.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**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 activities column on the statement of net assets.

**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 June 30, 2006, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

The Center records a liability for accumulated unused sick leave for employees after 20 years of current service with the Center, or after 15 years of service and at least 45 years of age or after 10 years of service and at least 50 years old.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**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 the internal service fund 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 contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**L. Fund Balance Reserves**

The Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, materials and supplies inventory and property tax revenue unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset on the fund financial statements.

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a textbook reserve and capital acquisition reserve. These reserves are required by state statute. A schedule of statutory reserves is presented in Note 16.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic 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 year 2006.

**NOTE 3 - ACCOUNTABILITY & COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2006, the Center has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".



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**NOTE 3 - ACCOUNTABILITY & COMPLIANCE – (Continued)**

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the Center as previously reported at June 30, 2005.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Center into three categories.

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

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

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

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

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

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

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**A. Cash on Hand**

At year-end, the Center had \$750 in undeposited cash on hand which is included on the financial statements of the Center as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Cash with Fiscal Agent**

The Center participates in the Columbiana County Insurance Consortium for employee benefits. The bank balance at fiscal year-end for the Employee Benefit Self-Insurance Fund was \$314,861. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

**C. Deposits with Financial Institutions**

At June 30, 2006, the carrying amount of all Center deposits was \$424,990, exclusive of the \$553,468 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$400,000 of the Center's bank balance of \$547,001 was exposed to custodial risk as discussed below, while \$147,001 was covered by Federal Deposit Insurance Corporation.

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

Custodial credit risk is the risk that, in the event of bank failure, the Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center.

**D. Investments**

As of June 30, 2006, the Center had the following investments and maturities:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>6 months or less</u>
Repurchase Agreement	\$ 553,468	\$ 553,468
STAR Ohio	<u>2,121,690</u>	<u>2,121,690</u>
	<u>\$ 2,675,158</u>	<u>\$ 2,675,158</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Center's investment policy limits investment portfolio maturities to five years or less.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Center's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Center.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Concentration of Credit Risk:* The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2006:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>% to Total</u>
Repurchase Agreement	\$ 553,468	20.69
STAR Ohio	<u>2,121,690</u>	<u>79.31</u>
	<u>\$ 2,675,158</u>	<u>100.00</u>

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

**D. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits	\$ 424,990
Investments	2,675,158
Cash with fiscal agent	314,861
Cash on hand	<u>750</u>
Total	<u>\$ 3,415,759</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 3,409,801
Agency funds	<u>5,958</u>
Total	<u>\$ 3,415,759</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 66,950

**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 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004 were levied after April 1, 2005 and are collected in 2006 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2006, on the value as of December 31, 2005. 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.

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

The Center receives property taxes from Columbiana, Mahoning, Jefferson and Carroll Counties. The County Treasurers collect property taxes on behalf of the Center. The County Auditors periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date 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, 2006 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, 2006 was \$161,529 in the general fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2005 was \$44,147 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and public utility real estate	\$ 749,513,600	75.51	\$ 827,208,690	77.23
Commercial/Industrial real estate	133,218,790	13.42	136,679,050	12.76
Public utility real estate	55,935,890	5.64	65,109,040	6.08
Tangible personal property	<u>53,910,508</u>	<u>5.43</u>	<u>42,055,088</u>	<u>3.93</u>
Total	<u>\$ 992,578,788</u>	<u>100.00</u>	<u>\$ 1,071,051,868</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.80		\$ 2.80	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2006 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	\$ 2,037,805
Accounts	18,974
Intergovernmental	15,078
Accrued Interest	<u>4,532</u>
Total	<u>\$ 2,076,389</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/06</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 152,290	\$ -	\$ -	\$ 152,290
Construction in progress	-	159,214	-	159,214
Total capital assets, not being depreciated	<u>152,290</u>	<u>159,214</u>	<u>-</u>	<u>311,504</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	277,347	-	-	277,347
Buildings and improvements	7,253,873	4,500	-	7,258,373
Furniture and equipment	1,346,366	111,246	-	1,457,612
Vehicles	109,360	-	-	109,360
Total capital assets, being depreciated	<u>8,986,946</u>	<u>115,746</u>	<u>-</u>	<u>9,102,692</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(233,082)	(2,620)	-	(235,702)
Buildings and improvements	(887,307)	(235,458)	-	(1,122,765)
Furniture and equipment	(770,393)	(108,143)	-	(878,536)
Vehicles	(101,878)	(2,993)	-	(104,871)
Total accumulated depreciation	<u>(1,992,660)</u>	<u>(349,214)</u>	<u>-</u>	<u>(2,341,874)</u>
Governmental activities capital assets, net	<u>\$ 7,146,576</u>	<u>\$ (74,254)</u>	<u>\$ -</u>	<u>\$ 7,072,322</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 25,308
Vocational	219,286

Support Services:

Pupil	4,241
Instructional staff	10,006
Administration	13,381
Fiscal	2,121
Operations and maintenance	7,921
Pupil transportation	2,993
Central	15,146
Food service operations	<u>48,811</u>
Total depreciation expense	<u>\$ 349,214</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2006, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/05</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/06</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 328,138	\$ 70,708	\$ (54,981)	\$ 343,865	\$ 85,214
Total long-term obligations, governmental activities	<u>\$ 328,138</u>	<u>\$ 70,708</u>	<u>\$ (54,981)</u>	<u>\$ 343,865</u>	<u>\$ 85,214</u>

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

**B. Legal Debt Margin**

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

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$96,394,668 and an unvoted debt margin of \$1,071,052.

**NOTE 10 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 312 days for administrators, 270 days for classified and 269 for certified personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave to a maximum of 78 days for administrators, 42 days for classified employees and 67 days for certified employees.

**B. Life Insurance**

The Center provides life insurance and accidental death and dismemberment insurance to most employees through Safeco Life Insurance Company.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the Center's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents - replacement cost	\$ 1,000	\$20,516,187
Boiler	1,000	20,516,187
Inland Marine	100	55,400
EDP Coverage	250	454,200
Garagekeepers	500	120,000
Automobile Liability		1,000,000
General Liability:		
Per occurrence	n/a	1,000,000
Aggregate	n/a	5,000,000
Umbrella Liability:		
Per occurrence	2,500	1,000,000
Aggregate	10,000	4,000,000

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

**B. Health Insurance**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The Center is a member of a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Center's behalf. The claims liability of \$45,391 reported in the internal service fund at June 30, 2006, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be reported. Changes in claims activity for the current and previous fiscal year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2006	\$ 58,927	\$ 750,517	\$ (764,053)	\$ 45,391
2005	94,442	679,712	(715,227)	58,927

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**C. Workers' Compensation**

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

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Center's required contribution for pension obligations to SERS for fiscal years ended 2006, 2005, and 2004 were \$78,267, \$85,173, and \$64,168, respectively. 100 percent has been contributed for fiscal years 2006, 2005 and 2004.

**B. State Teachers Retirement System**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 12 - 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$410,054, \$452,822 and \$401,656, respectively. 100 percent has been contributed for fiscal years 2006, 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$10,959 made by the Center and \$13,086 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/ STRS. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The Center's liability is 6.2% of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STR OhioS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Center, this amount equaled \$31,543 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS Ohio were \$254.780 million and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, the Center paid \$38,191 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 58,123 participants currently receiving health care benefits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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:

<b>Net Change in Fund Balance</b>		<u>General Fund</u>
Budget basis		\$ 86,175
Net adjustment for revenue accruals		118,593
Net adjustment for expenditure accruals		95,310
Net adjustment for other sources/uses		(109)
Adjustment for encumbrances		<u>89,165</u>
GAAP basis		<u><u>\$ 389,134</u></u>

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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 involved in no material litigation as either plaintiff or defendant.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 16 - STATUTORY RESERVES**

The Center is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2005	\$ (694,671)	\$ -
Current year set-aside requirement	77,878	77,878
Qualifying disbursements	<u>(362,736)</u>	<u>(376,693)</u>
Total	<u>\$ (979,529)</u>	<u>\$ (298,815)</u>
Cash balance carried forward to FY 2007	<u>\$ (979,529)</u>	<u>\$ -</u>

Although the Center had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**NOTE 17 – CONTRACTUAL COMMITMENTS**

As of June 30, 2006, the Center had contractual commitments for the following project:

	<u>Purchase Commitments</u>	<u>Amount Paid as of 6/30/2006</u>	<u>Amount Remaining on Contracts</u>
<b>Equine Building Renovations:</b>			
Stitle Construction - General Contractor	\$ 216,889	\$ 13,964	\$ 202,925
SM Electric - Electrical	136,830	-	136,830
York Mahoning - HVAC	61,800	-	61,800
Sanford Plumbing - Plumbing	<u>46,900</u>	<u>-</u>	<u>46,900</u>
Totals	<u>\$ 462,419</u>	<u>\$ 13,964</u>	<u>\$ 448,455</u>

Rea & Associates, Inc.  
ACCOUNTANTS AND BUSINESS CONSULTANTS

March 15, 2007

To the Board of Education  
Columbiana County Career and Technical Center  
Lisbon, OH 44432

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbiana County Career and Technical Center (the "Center") as of and for the year ended June 30, 2006, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 an opinion 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts 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. However, we noted a matter involving the internal control over financial reporting that we have reported to management of the Center in a separate letter dated March 15, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Center in a separate letter dated March 15, 2007.

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

*Rea & Associates, Inc.*

March 15, 2007

To the Board of Education  
Columbiana County Career and Technical Center  
Lisbon, OH 44432

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

Compliance

We have audited the compliance of the Columbiana County Career and Technical Center (the "Center") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the 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 the 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.



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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud 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 solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Hea & Associates, Inc.*

COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ <i>Pass Through Grantor</i> Program Title	CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed through Ohio Department of Education:</i>						
Food Donation	10.550	FY06		\$ 4,887		\$ 4,887
Nutrition Cluster: School Breakfast Program	10.553	05PU - 2005 05PU - 2006	\$ 6,215 21,310 <u>27,525</u>		\$ 6,215 21,310 <u>27,525</u>	
National School Lunch Program	10.555	LLP4 - 2005 LLP4 - 2006	15,658 47,350 <u>63,008</u>		15,658 47,350 <u>63,008</u>	
Total U.S. Department of Agriculture			<u>90,533</u>	<u>4,887</u>	<u>90,533</u>	<u>4,887</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Direct Federal Program:</i>						
Federal Pell Grant Program	84.063	N/A	257,452		257,452	
<i>Passed through Ohio Department of Education:</i>						
Adult Education - State Grant Program	84.002	ABS1 - 2006	188,648		186,191	
Vocational Education - Basic Grants to States	84.048	20C1 - 2006 20C2 - 2006	236,614 162,642 <u>399,256</u>		227,995 158,696 <u>386,691</u>	
Safe and Drug-Free Schools and Communities - State Grants	84.186	DRS1 - 2006	2,503		1,588	
State Grants for Innovative Programs	84.298	C2S1 - 2006	3,012		3,012	
Improving Teacher Quality State Grants	84.367	TRS1 - 2006	<u>5,031</u>		<u>5,031</u>	
Total U.S. Department of Education			<u>855,902</u>		<u>839,965</u>	
Total Federal Financial Assistance			<u>\$ 946,435</u>	<u>\$ 4,887</u>	<u>\$ 930,498</u>	<u>\$ 4,887</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2006

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Center's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: NUTRITION CLUSTER

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is not part of the Nutrition Cluster; however, it is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed. At June 30, 2006, the Center had no significant food commodities inventory.

COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2006

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Vocational Education-Basic Grants to States	CFDA # 84.048
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>NONE</b>	
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<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>NONE</b>	
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**Mary Taylor, CPA**  
Auditor of State

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA 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  
MAY 15, 2007**