



Dave Yost • Auditor of State



**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2012, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2013, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

February 15, 2013

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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The discussion and analysis of the Tri-County Career Center's (the "Center") financial performance provides an overview and analysis of the Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Center's financial performance.

**Financial Highlights**

- Total assets of the Center exceeded its liabilities at June 30, 2012 by \$4,946,237. This balance was comprised of a \$2,020,878 balance in amounts invested in capital assets and net asset amounts restricted for specific purposes, and \$2,925,359 in unrestricted net assets.
- In total, net assets of governmental activities decreased by \$224,726, which represents a 4.62 percent decrease from 2011. Net assets of the business-type activities decreased \$81,339, which represents a 21.21 percent decrease from 2011.
- General revenues accounted for \$6,893,448 or 86.32 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,092,759 or 13.68 percent of total revenues of \$7,986,207 for the governmental activities.
- The Center had \$8,185,933 in expenses related to governmental activities; only \$1,092,759 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of \$6,893,448 and net assets carried over from prior year were used to provide for the remainder of these programs.
- The Center had \$1,110,643 in expenses related to business-type activities; 89.65 percent of these expenses were offset by program specific charges for services and sales, grants and contributions.
- The Center recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Center combined. The General Fund had \$7,030,203 in revenues and \$6,597,263 in expenditures in fiscal year 2012.
- The Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Center combined. The Adult Education Fund had \$702,733 in operating revenues and \$1,032,153 in operating expenses in fiscal year 2012.

**Using this Annual Report**

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

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

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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**Reporting the Center as a Whole**

**Government-Wide Financial Statements**

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

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

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

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

**Governmental Activities**

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

**Business-Type Activities**

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

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

### **Fund Financial Statements**

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

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

### **Governmental Funds**

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

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

### **Proprietary Funds**

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

### **Fiduciary Funds**

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

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

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

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**Government-Wide Financial Analysis**

Recall that the statement of net assets provides the perspective of the Center as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the Center's net assets for 2012 compared to fiscal year 2011:

Table 1  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b><u>Assets:</u></b>						
Current and Other Assets	\$6,838,687	\$7,482,266	\$200,966	\$323,836	\$7,039,653	\$7,806,102
Capital Assets, Net	1,364,462	1,395,793	132,062	111,350	1,496,524	1,507,143
<i>Total Assets</i>	8,203,149	8,878,059	333,028	435,186	8,536,177	9,313,245
<b><u>Liabilities:</u></b>						
Long-Term Liabilities	482,919	563,424	12,027	5,878	494,946	569,302
Other Liabilities	3,076,202	3,445,881	18,792	45,760	3,094,994	3,491,641
<i>Total Liabilities</i>	3,559,121	4,009,305	30,819	51,638	3,589,940	4,060,943
<b><u>Net Assets:</u></b>						
Invested in Capital Assets	1,364,462	1,395,793	132,062	111,350	1,496,524	1,507,143
Restricted	524,354	666,409	0	0	524,354	666,409
Unrestricted	2,755,212	2,806,552	170,147	272,198	2,925,359	3,078,750
<i>Total Net Assets</i>	<u>\$4,644,028</u>	<u>\$4,868,754</u>	<u>\$302,209</u>	<u>\$383,548</u>	<u>\$4,946,237</u>	<u>\$5,252,302</u>

Current and other assets decreased \$766,449 or 9.82 percent from fiscal year 2011. This decrease is mostly the result of a decrease in property taxes receivable.

Capital assets decreased \$10,619 or 0.70 percent, the result of current year depreciation.

Long term liabilities decreased \$74,356 or 13.06 percent, due to a decrease in compensated absences payable.

Current (other) liabilities decreased \$396,647 due to a decrease in deferred revenue related to the property taxes receivable in governmental activities.

The net assets of the Center's business-type activities decreased \$81,339 or 21.21 percent. This change is mostly due to the adult education program.

For governmental activities, the Center's smallest portion of net assets of \$524,354 or 11.29 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

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The largest portion of net assets for governmental activities is unrestricted of \$2,755,212 or 59.33 percent. These net assets represent resources that may be used to meet the Center's ongoing obligations to its students and creditors.

The next largest balance for governmental activities of \$1,364,462 or 29.38 percent is the net assets related to amounts invested in capital assets. The Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

Table 2 shows the changes in net assets for fiscal year 2012, and provides a comparison to fiscal year 2011.

Table 2  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b><u>Revenues:</u></b>						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$46,669	\$41,096	\$760,318	\$805,430	\$806,987	\$846,526
Operating Grants and Contributions	1,046,090	1,015,435	235,320	234,501	1,281,410	1,249,936
<i>General Revenues:</i>						
Property Taxes	2,995,834	3,673,427	0	0	2,995,834	3,673,427
Unrestricted Grants and Entitlements	3,861,922	4,166,521	0	0	3,861,922	4,166,521
Investment Earnings	5,858	89,284	0	0	5,858	89,284
Miscellaneous	29,834	198,530	8,666	659	38,500	199,189
<b>Total Revenues</b>	<b>7,986,207</b>	<b>9,184,293</b>	<b>1,004,304</b>	<b>1,040,590</b>	<b>8,990,511</b>	<b>10,224,883</b>
<b><u>Expenses:</u></b>						
<i>Program Expenses:</i>						
<i>Instruction:</i>						
Regular	384,167	386,417	0	0	384,167	386,417
Special	0	122	0	0	0	122
Vocational	3,672,025	3,594,759	0	0	3,672,025	3,594,759
Adult/Continuing	363,458	292,242	0	0	363,458	292,242

(Continued)

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
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(Unaudited)

Table 2  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<i>Support Services:</i>						
Pupils	430,141	443,544	0	0	430,141	443,544
Instructional Staff	117,902	112,257	0	0	117,902	112,257
Board of Education	83,672	176,083	0	0	83,672	176,083
Administration	790,734	1,006,458	0	0	790,734	1,006,458
Fiscal	453,008	491,386	0	0	453,008	491,386
Business	71,295	86,320	0	0	71,295	86,320
Operation and Maintenance of Plant	1,434,138	995,680	0	0	1,434,138	995,680
Pupil Transportation	1,390	1,433	0	0	1,390	1,433
Central	170,713	158,855	0	0	170,713	158,855
Operation of Non-Instructional Services	209,217	200,191	0	0	209,217	200,191
Extracurricular Activities	4,073	3,435	0	0	4,073	3,435
Adult Education	0	0	1,032,153	1,121,974	1,032,153	1,121,974
Rotary	0	0	50,595	43,906	50,595	43,906
Uniform School Supplies	0	0	27,895	27,654	27,895	27,654
<i>Total Expenses</i>	<u>8,185,933</u>	<u>7,949,182</u>	<u>1,110,643</u>	<u>1,193,534</u>	<u>9,296,576</u>	<u>9,142,716</u>
Excess Revenues (Expenses) Before Transfers	(199,726)	1,235,111	(106,339)	(152,944)	(306,065)	1,082,167
Transfers	(25,000)	(25,000)	25,000	25,000	0	0
<i>Changes in Net Assets</i>	<u>(224,726)</u>	<u>1,210,111</u>	<u>(81,339)</u>	<u>(127,944)</u>	<u>(306,065)</u>	<u>1,082,167</u>
Net Assets at Beginning of Year	<u>4,868,754</u>	<u>3,658,643</u>	<u>383,548</u>	<u>511,492</u>	<u>5,252,302</u>	<u>4,170,135</u>
Net Assets at End of Year	<u>\$4,644,028</u>	<u>\$4,868,754</u>	<u>\$302,209</u>	<u>\$383,548</u>	<u>\$4,946,237</u>	<u>\$5,252,302</u>

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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The most significant program expenses for the Center's governmental activities are Vocational Instruction, Operation and Maintenance of Plant, Administration, Fiscal and Pupils. These program expenses account for 82.83 percent of the total governmental activity expenses. Vocational Instruction, which accounts for 44.86 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Operation and Maintenance of Plant, which represents 17.52 percent of the total, represents costs associated with operating and maintaining the Center's facilities. Administration, which accounts for 9.66 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Center as a whole. Fiscal, which represents 5.53 percent of the total, represents cost associated with activities concerned with the financial operation of the district. Pupils, which represents 5.26 percent of the total, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 85.87 percent of total revenues for governmental activities.

The most significant program expense for the Center's business-type activities is Adult Education. This program, which accounts for 92.93 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

### **Governmental Activities**

Over the past several fiscal years, the Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 37.51 percent and intergovernmental revenue made up 61.46 percent of the total revenue for the governmental activities in fiscal year 2012.

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

The Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2012, the Center received \$3,468,434 through the State's foundation program, which represents 43.43 percent of the total revenue for the governmental activities. The Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 53.99 percent of governmental activities program expenses. Support services expenses make up 43.40 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

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*(Unaudited)*

**Business-Type Activities**

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of \$995,638 and expenses of \$1,110,643 for fiscal year 2012. Over 76 percent of those program revenues were from charges for services for tuition and classroom materials and fees in the adult education program.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2012 and a comparison to fiscal year 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012	2012	2011	2011
<b><u>Program Expenses:</u></b>				
<i>Governmental Activities:</i>				
Instruction	\$4,419,650	\$3,828,330	\$4,273,540	\$3,732,348
Support Services	3,552,993	3,266,383	3,472,016	3,163,062
Operation of Non-Instructional Services	209,217	(5,612)	200,191	(6,194)
Extracurricular Activities	4,073	4,073	3,435	3,435
<i>Business-Type Activities:</i>				
Adult Education	1,032,153	101,555	1,121,974	143,704
Rotary	50,595	10,879	43,906	7,889
Uniform School Supplies	27,895	2,571	27,654	2,010
Total Expenses	<u>\$9,296,576</u>	<u>\$7,208,179</u>	<u>\$9,142,716</u>	<u>\$7,046,254</u>

**The Center's Funds**

The Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$8,632,415 and expenditures and other financing uses of \$8,760,107.

Total governmental funds fund balance decreased by \$127,692. The decrease in fund balance for the year was most significant in the General Fund, which decreased \$92,060 or 3.22 percent. The decrease in the General Fund was the result of transfers out for capital projects.

The Center should remain stable in fiscal years 2013 through 2014. However, projections beyond fiscal year 2014 show the Center may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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**Budget Highlights - General Fund**

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

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

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

For the General Fund, the final budget basis revenue was \$7,105,300 representing a \$46,700 decrease from the original budget estimates of \$7,152,000. The final budget reflected a 0.65 percent decrease from the original budgeted amount. For the General Fund, the final budget basis expenditures were \$6,979,708 representing an increase of \$90,007 from the original budget estimates of \$6,889,701. The final budget reflected a 1.31 percent increase from the original budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2012, the Center had \$9.5 million invested in capital assets in the governmental activities and \$0.5 million in the business-type activities. These totals carry accumulated depreciation of \$8.1 million and \$0.4 million, respectively. Table 4 shows fiscal year 2012 balances compared to fiscal year 2011.

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Table 4  
**Capital Assets & Accumulated Depreciation at Year End**

	Governmental Activities		Business-Type Activities	
	2012	2011	2012	2011
<i>Nondepreciable Capital Assets:</i>				
Land	\$ 26,308	\$26,308	\$0	\$0
Construction in Progress	0	21,168	0	0
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,137,778	4,139,968	0	0
Furniture, Fixtures and Equipment	4,782,906	4,539,712	489,820	434,702
Vehicles	526,369	520,369	0	0
<i>Total Capital Assets</i>	9,473,361	9,247,525	489,820	434,702
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(4,008,186)	(3,999,038)	0	0
Furniture, Fixtures and Equipment	(3,688,353)	(3,468,973)	(357,758)	(323,352)
Vehicles	(412,360)	(383,721)	0	0
<i>Total Accumulated Depreciation</i>	(8,108,899)	(7,851,732)	(357,758)	(323,352)
Capital Assets, Net	\$1,364,462	\$1,395,793	\$132,062	\$111,350

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

**Debt Administration**

At June 30, 2012, the Center had no general obligation debt outstanding.

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

**TRI-COUNTY CAREER CENTER**  
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*(Unaudited)*

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## **Current Issues**

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

Several important legislative and judicial actions have occurred that have had significant impact on the District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." The State has not yet developed a school-funding plan that has been deemed acceptable by the Court, and ultimate resolution still seems to be some time in the future. The State's passage of HB 153 (July 2011) requires a new school funding formula which is being developed and may be introduced with the new State budget legislation in spring, 2013. Departments and agencies of the State have been asked to develop two scenarios for their biennial budget requests: flat funding and a 10% decrease. As the current economic climate lags, there remains concern that the State may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the current State budget; the MBR legislation (HB 487) passed in June, 2012 provides no increase in public education funding. The biennial budget which was approved by the State in the summer of 2011 for fiscal years 2012 and 2013 has provided reduced funding for the District in both years of the budget cycle.

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

## **Contacting the Center's Financial Management**

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

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**TRI-COUNTY CAREER CENTER**

*Statement of Net Assets*

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$3,516,469	\$173,280	\$3,689,749
Property Taxes Receivable	3,186,403	0	3,186,403
Accounts Receivable	2,904	27,686	30,590
Intergovernmental Receivable	70,483	0	70,483
Prepaid Items	32,310	0	32,310
Inventory Held for Resale	1,124	0	1,124
Materials and Supplies Inventory	28,994	0	28,994
Nondepreciable Capital Assets	26,308	0	26,308
Depreciable Capital Assets, Net	1,338,154	132,062	1,470,216
<i>Total Assets</i>	<u>8,203,149</u>	<u>333,028</u>	<u>8,536,177</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	21,326	448	21,774
Accrued Wages and Benefits	540,562	17,085	557,647
Intergovernmental Payable	82,818	1,259	84,077
Matured Compensated Absences Payable	64,123	0	64,123
Deferred Revenue	2,367,373	0	2,367,373
<i>Long-Term Liabilities:</i>			
Due within One Year	64,977	6,969	71,946
Due in More Than One Year	417,942	5,058	423,000
<i>Total Liabilities</i>	<u>3,559,121</u>	<u>30,819</u>	<u>3,589,940</u>
<b><u>Net Assets:</u></b>			
Invested in Capital Assets	1,364,462	132,062	1,496,524
<i>Restricted for:</i>			
Capital Projects	389,337	0	389,337
Other Purposes	135,017	0	135,017
Unrestricted	2,755,212	170,147	2,925,359
<i>Total Net Assets</i>	<u>\$4,644,028</u>	<u>\$302,209</u>	<u>\$4,946,237</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b><u>Governmental Activities:</u></b>			
<i>Instruction:</i>			
Regular	\$384,167	\$0	\$45,964
Vocational	3,672,025	0	181,898
Adult/Continuing	363,458	0	363,458
<i>Support Services:</i>			
Pupils	430,141	0	50,971
Instructional Staff	117,902	0	0
Board of Education	83,672	0	0
Administration	790,734	0	126,900
Fiscal	453,008	0	0
Business	71,295	0	0
Operation and Maintenance of Plant	1,434,138	0	0
Pupil Transportation	1,390	0	0
Central	170,713	0	108,739
<i>Operation of Non-Instructional Services:</i>			
Food Services	209,100	46,669	168,160
Other	117	0	0
Extracurricular Activities	4,073	0	0
<i>Total Governmental Activities</i>	<u>8,185,933</u>	<u>46,669</u>	<u>1,046,090</u>
<b><u>Business-Type Activities:</u></b>			
Adult Education	1,032,153	695,278	235,320
Rotary	50,595	39,716	0
Uniform School Supplies	27,895	25,324	0
<i>Total Business-Type Activities</i>	<u>1,110,643</u>	<u>760,318</u>	<u>235,320</u>
<i>Totals</i>	<u><u>\$9,296,576</u></u>	<u><u>\$806,987</u></u>	<u><u>\$1,281,410</u></u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Assets

*Net Assets at Beginning of Year*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$338,203)	\$0	(\$338,203)
(3,490,127)	0	(3,490,127)
0	0	0
(379,170)	0	(379,170)
(117,902)	0	(117,902)
(83,672)	0	(83,672)
(663,834)	0	(663,834)
(453,008)	0	(453,008)
(71,295)	0	(71,295)
(1,434,138)	0	(1,434,138)
(1,390)	0	(1,390)
(61,974)	0	(61,974)
5,729	0	5,729
(117)	0	(117)
(4,073)	0	(4,073)
(7,093,174)	0	(7,093,174)
0	(101,555)	(101,555)
0	(10,879)	(10,879)
0	(2,571)	(2,571)
0	(115,005)	(115,005)
(7,093,174)	(115,005)	(7,208,179)
2,995,834	0	2,995,834
3,861,922	0	3,861,922
5,858	0	5,858
29,834	8,666	38,500
6,893,448	8,666	6,902,114
(25,000)	25,000	0
6,868,448	33,666	6,902,114
(224,726)	(81,339)	(306,065)
4,868,754	383,548	5,252,302
\$4,644,028	\$302,209	\$4,946,237

**TRI-COUNTY CAREER CENTER**

*Balance Sheet  
Governmental Funds  
June 30, 2012*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$2,971,949	\$544,520	\$3,516,469
Property Taxes Receivable	3,186,403	0	3,186,403
Accounts Receivable	2,904	0	2,904
Intergovernmental Receivable	0	70,483	70,483
Interfund Receivable	12,820	0	12,820
Prepaid Items	32,310	0	32,310
Inventory Held for Resale	0	1,124	1,124
Materials and Supplies Inventory	28,994	0	28,994
<i>Total Assets</i>	<u>\$6,235,380</u>	<u>\$616,127</u>	<u>\$6,851,507</u>
<b><u>Liabilities and Fund Balances:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable	\$21,326	\$0	\$21,326
Accrued Wages and Benefits	503,558	37,004	540,562
Intergovernmental Payable	70,980	11,838	82,818
Interfund Payable	0	12,820	12,820
Deferred Revenue	2,808,432	34,522	2,842,954
Matured Compensated Absences Payable	64,123	0	64,123
<i>Total Liabilities</i>	<u>3,468,419</u>	<u>96,184</u>	<u>3,564,603</u>
<b><u>Fund Balances:</u></b>			
Nonspendable	63,906	0	63,906
Restricted	0	131,306	131,306
Assigned	101,359	389,337	490,696
Unassigned	2,601,696	(700)	2,600,996
<i>Total Fund Balances</i>	<u>2,766,961</u>	<u>519,943</u>	<u>3,286,904</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,235,380</u>	<u>\$616,127</u>	<u>\$6,851,507</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2012*

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<b>Total Governmental Funds Balances</b>	\$3,286,904
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (\$22,908 is in the internal service fund not included)	1,341,554
Some of the Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Property taxes	441,059
Intergovernmental revenue	<u>34,522</u>
Total receivables that are not reported in the funds	475,581
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
Compensated absences	(482,919)
An internal service fund is used by management to charge the costs of insurance to individual funds. The asset and liabilities of the internal service fund are allocated in governmental activities in the statement of net assets.	<u>22,908</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$4,644,028</u></u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2012*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
Property Taxes	\$3,144,834	\$0	\$3,144,834
Intergovernmental	3,861,922	1,043,298	4,905,220
Interest	3,756	2,102	5,858
Customer Sales and Services	0	46,669	46,669
Miscellaneous	19,691	10,143	29,834
<i>Total Revenues</i>	<u>7,030,203</u>	<u>1,102,212</u>	<u>8,132,415</u>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	338,143	43,087	381,230
Vocational	3,492,396	207,460	3,699,856
Adult/Continuing	0	363,458	363,458
<i>Support Services:</i>			
Pupils	386,680	54,568	441,248
Instructional Staff	114,331	0	114,331
Board of Education	83,958	0	83,958
Administration	828,459	678	829,137
Fiscal	448,587	0	448,587
Business	70,967	0	70,967
Operation and Maintenance of Plant	771,001	632,586	1,403,587
Pupil Transportation	1,390	0	1,390
Central	57,201	114,490	171,691
Operation of Non-Instructional Services	117	221,517	221,634
Extracurricular Activities	4,033	0	4,033
<i>Total Expenditures</i>	<u>6,597,263</u>	<u>1,637,844</u>	<u>8,235,107</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>432,940</u>	<u>(535,632)</u>	<u>(102,692)</u>
<b><u>Other Financing Sources (Uses):</u></b>			
Transfers In	0	500,000	500,000
Transfers Out	(525,000)	0	(525,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(525,000)</u>	<u>500,000</u>	<u>(25,000)</u>
<i>Net Change in Fund Balances</i>	(92,060)	(35,632)	(127,692)
<i>Fund Balances at Beginning of Year</i>	<u>2,859,021</u>	<u>555,575</u>	<u>3,414,596</u>
<i>Fund Balances at End of Year</i>	<u>\$2,766,961</u>	<u>\$519,943</u>	<u>\$3,286,904</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012*

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**Net Change in Fund Balances - Total Governmental Funds** (\$127,692)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (\$21 is the internal service fund depreciation not included) (7,952)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (23,358)

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

Property taxes	(149,000)
Intergovernmental	<u>2,792</u>

Total receivables not reported in the funds (146,208)

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

Compensated absences 80,505

The internal service fund used by management to charge the cost of services to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the activities. (21)

*Change in Net Assets of Governmental Activities* (\$224,726)

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues:</u></b>				
Property Taxes	\$3,212,000	\$3,207,500	\$3,207,957	\$457
Intergovernmental	3,885,000	3,885,000	3,861,922	(23,078)
Interest	50,000	5,800	3,756	(2,044)
Miscellaneous	5,000	7,000	16,836	9,836
<i>Total Revenues</i>	<u>7,152,000</u>	<u>7,105,300</u>	<u>7,090,471</u>	<u>(14,829)</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	340,429	337,738	337,246	492
Vocational	3,617,490	3,667,823	3,546,944	120,879
<i>Support Services:</i>				
Pupils	364,916	388,746	378,803	9,943
Instructional Staff	115,521	114,771	113,049	1,722
Board of Education	123,136	121,113	87,231	33,882
Administration	751,927	748,500	785,126	(36,626)
Fiscal	629,994	672,263	448,527	223,736
Business	83,424	81,863	71,106	10,757
Operation and Maintenance of Plant	822,357	805,776	770,369	35,407
Pupil Transportation	1,500	1,850	1,390	460
Central	27,500	27,762	57,205	(29,443)
Extracurricular Activities	11,507	11,503	4,032	7,471
<i>Total Expenditures</i>	<u>6,889,701</u>	<u>6,979,708</u>	<u>6,601,028</u>	<u>378,680</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>262,299</u>	<u>125,592</u>	<u>489,443</u>	<u>363,851</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Advances In	141,000	150,000	150,000	0
Advances Out	(90,000)	0	0	0
Transfers Out	(529,500)	(529,500)	(529,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(478,500)</u>	<u>(379,500)</u>	<u>(379,500)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(216,201)</u>	<u>(253,908)</u>	<u>109,943</u>	<u>363,851</u>
<i>Fund Balance at Beginning of Year</i>	2,560,966	2,560,966	2,560,966	0
Prior Year Encumbrances Appropriated	199,199	199,199	199,199	0
<i>Fund Balance at End of Year</i>	<u>\$2,543,964</u>	<u>\$2,506,257</u>	<u>\$2,870,108</u>	<u>\$363,851</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**

*Statement of Net Assets*

*Proprietary Funds*

*June 30, 2012*

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<b><u>Assets:</u></b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$78,486	\$94,794	\$173,280	\$0
Accounts Receivable	23,251	4,435	27,686	0
<i>Noncurrent Assets:</i>				
Depreciable Capital Assets, Net	127,667	4,395	132,062	22,908
<i>Total Assets</i>	<u>229,404</u>	<u>103,624</u>	<u>333,028</u>	<u>22,908</u>
<b><u>Liabilities:</u></b>				
<i>Current Liabilities:</i>				
Accounts Payable	448	0	448	0
Accrued Wages and Benefits	17,085	0	17,085	0
Intergovernmental Payable	1,259	0	1,259	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	6,969	0	6,969	0
Due in More than one Year	5,058	0	5,058	0
<i>Total Long-Term Liabilities</i>	<u>12,027</u>	<u>0</u>	<u>12,027</u>	<u>0</u>
<i>Total Liabilities</i>	<u>30,819</u>	<u>0</u>	<u>30,819</u>	<u>0</u>
<b><u>Net Assets:</u></b>				
Invested in Capital Assets	127,667	4,395	132,062	22,908
Unrestricted	70,918	99,229	170,147	0
<i>Total Net Assets</i>	<u>\$198,585</u>	<u>\$103,624</u>	<u>\$302,209</u>	<u>\$22,908</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2012*

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<b><u>Operating Revenues:</u></b>				
Tuition	\$528,718	\$0	\$528,718	\$0
Sales	166,560	25,324	191,884	0
Charges for Services	0	39,716	39,716	0
Other Operating Revenues	7,455	1,211	8,666	0
<i>Total Operating Revenues</i>	<u>702,733</u>	<u>66,251</u>	<u>768,984</u>	<u>0</u>
<b><u>Operating Expenses:</u></b>				
Salaries	542,012	0	542,012	0
Fringe Benefits	176,453	0	176,453	0
Purchased Services	77,027	0	77,027	0
Materials and Supplies	195,981	77,638	273,619	0
Depreciation	33,554	852	34,406	21
Other Operating Expenses	7,126	0	7,126	0
<i>Total Operating Expenses</i>	<u>1,032,153</u>	<u>78,490</u>	<u>1,110,643</u>	<u>21</u>
<i>Operating Income (Loss)</i>	<u>(329,420)</u>	<u>(12,239)</u>	<u>(341,659)</u>	<u>(21)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>				
Federal and State Subsidies	235,320	0	235,320	0
<i>Total Nonoperating Revenues (Expenses)</i>	<u>235,320</u>	<u>0</u>	<u>235,320</u>	<u>0</u>
<i>Income (Loss) before Transfers</i>	(94,100)	(12,239)	(106,339)	(21)
Transfers In	25,000	0	25,000	0
<i>Change in Net Assets</i>	(69,100)	(12,239)	(81,339)	(21)
<i>Net Assets at Beginning of Year</i>	267,685	115,863	383,548	22,929
<i>Net Assets at End of Year</i>	<u>\$198,585</u>	<u>\$103,624</u>	<u>\$302,209</u>	<u>\$22,908</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>				
<b><u>Cash Flows from Operating Activities:</u></b>				
Cash Received from Sales	\$166,560	\$67,342	\$233,902	\$0
Cash Received from Tuition and Charges for Services	515,428	0	515,428	0
Other Cash Receipts	7,455	1,211	8,666	0
Cash Payments to Purchased Services	(77,027)	0	(77,027)	0
Cash Payments to Employees for Services	(577,321)	0	(577,321)	0
Cash Payments for Employee Benefits	(171,168)	0	(171,168)	0
Cash Payments for Goods and Services	(186,776)	(77,638)	(264,414)	0
Other Cash Payments	(7,126)	0	(7,126)	0
<i>Net Cash from Operating Activities</i>	<u>(329,975)</u>	<u>(9,085)</u>	<u>(339,060)</u>	<u>0</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>				
Operating Grants Received	235,320	0	235,320	0
Transfers In	25,000	0	25,000	0
<i>Net Cash from Noncapital Financing Activities</i>	<u>260,320</u>	<u>0</u>	<u>260,320</u>	<u>0</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>				
Purchases of Capital Assets	(54,020)	(1,098)	(55,118)	0
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(54,020)</u>	<u>(1,098)</u>	<u>(55,118)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(123,675)	(10,183)	(133,858)	0
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>202,161</u>	<u>104,977</u>	<u>307,138</u>	<u>0</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$78,486</u></u>	<u><u>\$94,794</u></u>	<u><u>\$173,280</u></u>	<u><u>\$0</u></u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>				
<b><u>to Net Cash from Operating Activities:</u></b>				
Operating Income (Loss)	(\$329,420)	(\$12,239)	(\$341,659)	(\$21)
<b><u>Adjustments to Reconcile Operating Income (Loss)</u></b>				
<b><u>to Net Cash from Operating Activities:</u></b>				
Depreciation	33,554	852	34,406	21
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	(13,290)	2,302	(10,988)	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	(2,017)	0	(2,017)	0
Accrued Wages and Benefits	(24,087)	0	(24,087)	0
Intergovernmental Payable	(864)	0	(864)	0
Compensated Absences Payable	6,149	0	6,149	0
Total Adjustments	<u>(555)</u>	<u>3,154</u>	<u>2,599</u>	<u>21</u>
<i>Net Cash from Operating Activities</i>	<u><u>(\$329,975)</u></u>	<u><u>(\$9,085)</u></u>	<u><u>(\$339,060)</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Fund*  
*June 30, 2012*

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	<u>Agency</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$49,824</u>
<i>Total Assets</i>	<u>49,824</u>
<b><u>Liabilities:</u></b>	
Due to Students	<u>49,824</u>
<i>Total Liabilities</i>	<u><u>\$49,824</u></u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY**

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

The Center operates under an eleven-member Board of Education and is responsible for the provision of public education to residents of the Center. The Board of Education of the Center is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The Center has an enrollment of 489 students and is staffed by 31 classified, 54 certified and 4 administrative employees.

**Reporting Entity**

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

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

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

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

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

The following is the Center's major governmental fund:

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

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

**Proprietary Funds**

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

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

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

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

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

**Fund Financial Statements**

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

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures**

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

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

**E. Cash and Cash Equivalents**

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

During the fiscal year 2012, the Center's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2012.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$3,756 which includes \$643 assigned from other Center funds.

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

**F. Inventory**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Capital Assets**

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

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

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

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

**I. Interfund Balances**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

**J. Compensated Absences**

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

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

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

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

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

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

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

**L. Net Assets**

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

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

The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the Center's restricted assets of \$524,354, none are restricted by enabling legislation.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

**M. Fund Balances**

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

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

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

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

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

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

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

**N. Operating Revenues and Expenses**

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

**O. Interfund Transactions**

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

**P. Estimates**

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

**Q. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2012.

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2012, the Center implemented GASB Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and GASB No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions”. The implementation of GASB Statement No. 57 and 64 had no effect on the prior period fund balances of the District.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

Net Change in Fund Balance	
GAAP Basis	(\$92,060)
<i>Adjustments:</i>	
Revenue Accruals	62,350
Expenditure Accruals	89,467
Encumbrances	(97,887)
Other Uses	150,000
<i>Prospective Difference:</i>	
Activity of Funds Reclassified For GAAP Reporting Purposes	(1,927)
Budget Basis	\$109,943

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 5 - ACCOUNTABILITY**

Fund balances at June 30, 2012 included the following individual fund deficits:

*Nonmajor Special Revenue Funds:*

Miscellaneous State Grants	\$450
Driver's Education Grant	250

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

**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

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

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

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

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

At June 30, 2012, the carrying amount of all the Center deposits was \$3,541,835. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2012, \$ 3,672,376 of the Center's bank balance of \$3,922,376 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$3,672,376 exposed to custodial risk was collateralized with securities held by the Center or its agency in the Center's name.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

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

**Investments:** As of June 30, 2012, the Center had the following investments and maturities:

Investment Type	Fair Value	6 Months or Less
STAROhio	\$197,738	\$197,738
Totals	\$197,738	\$197,738

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Center’s investment policy limits investment portfolio maturities to five years or less.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor’s has assigned STAROhio an “AAAm” money market rating.

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

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,739,573	\$0
<i>Investments:</i> STAR Ohio	(197,738)	197,738
GASB Statement No. 3	\$3,541,835	\$197,738

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 7 - PROPERTY TAXES**

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second - Half Collections		2012 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,473,434,660	90.48 %	\$1,486,740,390	90.11 %
Public Utility Personal	152,971,950	9.39 %	162,117,700	9.83 %
Tangible Personal Property	2,150,830	0.13 %	1,037,970	0.06 %
Total Assessed Value	<u>\$1,628,557,440</u>	<u>100.00 %</u>	<u>\$1,649,896,060</u>	<u>100.00 %</u>
Tax Rate per \$1,000 of Assessed Valuation	\$3.30		\$3.30	

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

The Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2012 is available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2012. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Center had \$377,971 available for advance to the General Fund at June 30, 2012.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

<i>Nonmajor Special Revenue Funds:</i>	
Vocational Education	\$35,961
Title IIA	1,791
Miscellaneous Federal Grants	32,731
<i>Total Nonmajor Special Revenue Funds</i>	<u>70,483</u>
Total Intergovernmental Receivable	<u><u>\$70,483</u></u>

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 9 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2012 was as follows:

Asset Category	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$26,308	\$0	\$0	26,308
Construction in Progress	21,168	0	(21,168)	0
Total Nondepreciable Capital Assets	47,476	0	(21,168)	26,308
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,139,968	0	(2,190)	4,137,778
Furniture, Fixtures and Equipment	4,539,712	269,709	(26,515)	4,782,906
Vehicles	520,369	6,000	0	526,369
Total Depreciable Capital Assets	9,200,049	275,709	(28,705)	9,447,053
Total Capital Assets	9,247,525	275,709	(49,873)	9,473,361
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(3,999,038)	(9,148)	0	(4,008,186)
Furniture, Fixtures and Equipment	(3,468,973)	(245,895)	26,515	(3,688,353)
Vehicles	(383,721)	(28,639)	0	(412,360)
Total Accumulated Depreciation	(7,851,732)	(283,682)	26,515	(8,108,899)
Total Net Capital Assets	\$1,395,793	(\$7,973)	(\$23,358)	\$1,364,462

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 9 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Vocational	\$213,422
<i>Support Services:</i>	
Pupils	6,331
Instructional Staff	3,571
Board of Education	313
Administration	7,132
Fiscal	3,273
Business	1,215
Operation and Maintenance of Plant	42,388
Central	237
Operation of Non-Instructional Services	5,759
Extracurricular Activities	40
Total Depreciation Expense	\$283,682

Capital asset business-type activity for the fiscal year ended June 30, 2012 was as follows:

Asset Category	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<b>Business-Type Activities:</b>				
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$434,702	\$55,118	\$0	\$489,820
<i>Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(323,352)	(34,406)	0	(357,758)
Business-Type Activities Capital Assets, Net	\$111,350	\$20,712	\$0	\$132,062

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 10 - RISK MANAGEMENT**

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the Center contracted with Reed & Baur Insurance Agency Inc. for property and fleet insurance, inland marine insurance, liability insurance and employee blanket bond, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2012 are as follows:

Building and Contents-replacement cost (\$2,500 deductible)	\$30,065,000
Inland Marine Coverage (\$500 deductible)	720,000
Automobile Liability (\$500 deductible)	3,000,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
<i>General Liability:</i>	
Fire Damage Limit (any one fire)	100,000
Per Occurrence	3,000,000
Total Per Year	5,000,000
School Leaders Errors and Omissions (\$2,500 deductible)	3,000,000
<i>Public Official Bonds:</i>	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond (\$500 deductible)	100,000

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 10 - RISK MANAGEMENT** - (Continued)

**Workers' Compensation**

For fiscal year 2012, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute, Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under "Employer/Audit Resources".

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 rate is 14 percent of annual covered payroll. 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rate amount four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Center's required contributions to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$187,890, \$178,920, and \$187,233, respectively. The District has contributed 100 percent of the required contributions for fiscal year 2012, 2011 and 2010.

**State Teachers Retirement System**

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org) under "Publications".

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 11- DEFINED BENEFIT PENSION PLANS** - (Continued)

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

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

Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$520,838, \$555,124, and \$457,839, respectively. The District has contributed 91.00 percent of the required contributions for fiscal year 2012 and 100 percent for fiscal year 2011 and 2010, respectively.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

**Plan Description** – The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income and the SER's reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, OH 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org) under "Employers/Audit Resources".

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

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

The Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$35,073, \$39,198 and \$35,502 respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011 and 2010 were \$11,096, \$11,514 and \$8,823 respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** - (Continued)

**State Teachers Retirement System**

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

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District’s contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$40,064, \$42,702 and \$36,073, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the Center's long-term liabilities for governmental activities during fiscal year 2012 were as follows:

	Principal Outstanding at July 1, 2011	Additions	Deductions	Principal Outstanding at June 30, 2012	Amount Due In One Year
<i><u>Governmental Activities:</u></i>					
Compensated Absences Payable	\$563,424	\$ 219,698	\$300,203	\$482,919	\$64,977

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

The changes in the Center's long-term liabilities for business-type activities during fiscal year 2012 were as follows:

	Principal Outstanding at July 1, 2011	Additions	Deductions	Principal Outstanding at June 30, 2012	Amount Due In One Year
<i><u>Business-Type Activities:</u></i>					
Compensated Absences Payable	\$5,878	\$9,458	\$3,309	\$12,027	\$6,969

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 15 – FUND BALANCES**

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>			
Prepays	\$32,310	\$0	\$32,310
Inventory	28,994	0	28,994
Unclaimed Monies	2,602	0	2,602
 <i>Restricted:</i>			
<i>Special Revenues:</i>			
Food Service	0	29,387	29,387
Special Trust	0	93,036	93,036
Local Education Grants	0	7,459	7,459
Federal Vocational Education Grants	0	1,424	1,424
 <i>Assigned:</i>			
Encumbrances	97,887	0	97,887
Public School Support	3,472	0	3,472
Permanent Improvement	0	389,337	389,337
 <i>Unassigned</i>	 <u>2,601,696</u>	 <u>(700)</u>	 <u>2,600,996</u>
 Total Fund Balances	 <u>\$2,766,961</u>	 <u>\$519,943</u>	 <u>\$3,286,904</u>

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 16 - INTERFUND ACTIVITY**

As of June 30, 2012, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$12,820	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	10,000
Miscellaneous State Grants	0	450
Driver's Education	0	250
Title II A	0	2,120
Total Nonmajor Special Revenue Funds	0	12,820
Totals	\$12,820	\$12,820

The balance of \$12,820 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

Transfers From	Nonmajor Capital Projects	Adult Education	Total
General	\$500,000	\$25,000	\$525,000

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

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**Southeastern Ohio Voluntary Education Cooperative**

The Southeastern Ohio Voluntary Education Cooperative (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 28 participants consisting of 24 school districts and 4 educational service centers. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters; and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SEOVEC is not dependent on the Center's continued participation and no equity interest exists. SEOVEC has no outstanding debt. The Center made a payment of \$25,131 for membership in fiscal year 2012. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, P.O. Box 1250, Athens, Ohio 45701.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS-** (Continued)

**Southeastern Ohio Special Education Regional Resource Center**

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

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

**Athens County School Employees Health and Welfare Benefit Association**

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

**Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Center made no significant payments for membership in fiscal year 2012.

**NOTE 18 - INSURANCE PURCHASING POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Program**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 19 - CONTINGENCIES**

**A. Grants**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

**NOTE 20 - STATUTORY SET-ASIDES**

The following changes occurred in the Center's set-aside reserve accounts during fiscal year 2012:

	<u>Capital Improvements</u>
Set-Aside Balance as of July 1, 2011	\$0
Current Year Set-Aside Requirement	76,428
Qualifying Disbursements	<u>(736,745)</u>
Total	<u>(\$660,317)</u>
Set-Aside Balance as of July 1, 2012	<u>\$0</u>
Total Restricted Assets	<u>\$0</u>

Effective July 1, 2012 the textbook set-aside is no longer required and has been removed from the existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the Center had qualifying disbursements during the year that reduced the set-aside amount to below zero for the capital improvement set-asides, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 21 – ENCUMBRANCE COMMITMENTS**

At June 30, 2012, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$97,887
<u>Nonmajor Funds</u>	
Permanent Improvement	18,358
Vocational Education	31,842
Miscellaneous Federal Grants	6,825
Total Nonmajor Funds	<u>57,025</u>
Total Encumbrances	<u><u>\$154,912</u></u>

**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012	10.555	\$ 20,540	\$ 20,540
Cash Assistance:				
School Breakfast Program	2012	10.553	60,885	60,885
National School Lunch Program	2012	10.555	104,013	104,013
Cash Assistance Subtotal			<u>164,898</u>	<u>164,898</u>
Total Child Nutrition Cluster			<u>185,438</u>	<u>185,438</u>
Total U.S. Department of Agriculture			185,438	185,438
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2011	84.063	67,943	67,943
	2012		295,515	295,515
Total Federal Pell Grant Program			<u>363,458</u>	<u>363,458</u>
Rural Education	2011	84.358A	25,224	25,224
	2012		13,777	13,777
Total Rural Education			<u>39,001</u>	<u>39,001</u>
<i>Passed Through Ohio Department of Education:</i>				
Career and Technical Education - Basic Grants to States	2011	84.048	36,974	60,849
	2012		303,847	305,967
Total Career and Technical Education - Basic Grants to States			<u>340,821</u>	<u>366,816</u>
Improving Teacher Quality State Grants	2011	84.367	485	399
	2012		3,686	3,686
Total Improving Teacher Quality State Grants			<u>4,171</u>	<u>4,085</u>
Total U.S. Department of Education			<u>747,451</u>	<u>773,360</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 932,889</u></b>	<b><u>\$ 958,798</u></b>

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

**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2012, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

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

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

**Dave Yost**  
Auditor of State

February 15, 2013



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of the Tri-County Career Center, Athens County, Ohio (the Center), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Center's major federal program for the year ended June 30, 2012. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Center's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with these requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

### Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

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

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, others within the Center, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

February 15, 2013

**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Pell Grant Program, CFDA # 84.063
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

TRI-COUNTY CAREER CENTER

ATHENS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 19, 2013