



**Auditor of State
Betty Montgomery**

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764-9532

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2005, 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 that our audit provides a reasonable basis for our opinions.

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

As described in Note 3, during the year ended June 30, 2005, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2006, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the result of our audit.

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

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



Betty Montgomery
Auditor of State

February 22, 2006

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The discussion and analysis of the Tri-County Career Center's financial performance provides an overview and analysis of the Center's financial activities for the fiscal year ended June 30, 2005. 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.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total assets of Tri-County Career Center exceeded its liabilities at June 30, 2005 by \$5,636,015. This balance was comprised of a \$2,643,539 balance in capital assets, net of related debt and net asset amounts restricted for specific purposes, and \$2,992,476 in unrestricted net assets.
- In total, net assets of governmental activities decreased by \$2,127, which represents a 0.04 percent decrease from 2004. Net assets of the business-type activities increased \$165,245, which represents a 48.32 percent increase from 2004.
- General revenues accounted for \$5,316,705 or 77.56 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 \$1,538,532 or 22.44 percent of total revenues of \$6,855,237 for the governmental activities.
- The Center had \$6,832,364 in expenses related to governmental activities; only \$1,538,532 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 \$5,316,705 were used to provide for the remainder of these programs.
- The Center had \$1,050,650 in expenses related to business-type activities; 100 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 \$6,089,018 in revenues and \$5,825,418 in expenditures in fiscal year 2005.
- 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 \$801,817 in operating revenues and \$953,778 in operating expenses in fiscal year 2005.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

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 Tri-County Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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.

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 activities.

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

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

Government-Wide Financial Analysis

Recall that the statement of net assets provides the perspective of the Center as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the Center's net assets for 2005 compared to fiscal year 2004:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	Restated 2004	2005	2004	2005	Restated 2004
<u>Assets:</u>						
Current and Other Assets	\$6,201,414	\$6,628,388	\$381,965	\$340,417	\$6,583,379	\$6,968,805
Capital Assets, Net	2,084,831	2,258,320	186,932	119,900	2,271,763	2,378,220
<i>Total Assets</i>	8,286,245	8,886,708	568,897	460,317	8,855,142	9,347,025
<u>Liabilities:</u>						
Long-Term Liabilities	427,745	419,731	5,363	7,039	433,108	426,770
Other Liabilities	2,729,701	3,336,051	56,318	111,307	2,786,019	3,447,358
<i>Total Liabilities</i>	3,157,446	3,755,782	61,681	118,346	3,219,127	3,874,128
<u>Net Assets:</u>						
Invested in Capital Assets	2,084,831	2,258,320	186,932	119,900	2,271,763	2,378,220
Restricted	371,776	252,189	0	0	371,776	252,189
Unrestricted	2,672,192	2,620,417	320,284	222,071	2,992,476	2,842,488
<i>Total Net Assets</i>	<u>\$5,128,799</u>	<u>\$5,130,926</u>	<u>\$507,216</u>	<u>\$341,971</u>	<u>\$5,636,015</u>	<u>\$5,472,897</u>

Current and other assets decreased \$385,426 or 5.53 percent from fiscal year 2004. This decrease is the result of a decrease in cash and cash equivalents held by the Center.

Capital assets decreased by \$106,457 as a result of the current year depreciation.

Current (other) liabilities decreased \$661,339 due to a decrease in accounts payable and intergovernmental payable for fiscal year 2005.

Long-term liabilities increased \$6,338 due to an increase in compensated absences payable.

The net assets of the Center's business-type activities increased \$165,245 or 48.32 percent. This change is mostly due to the adult education program.

For governmental activities, the Center's smallest portion of net assets of \$371,776 or 7.25 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

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The next largest portion of net assets for governmental activities is the net assets related to amounts invested in capital assets of \$2,084,831 or 40.65 percent. The Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

The remaining balance for governmental activities of \$2,672,192 or 52.10 percent is unrestricted. These net assets represent resources that may be used to meet the Center's ongoing obligations to its students and creditors.

Table 2 shows the changes in net assets for fiscal year 2005. Since this is the first year the Center has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2004 are not available.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	Restated 2004	2005	2004	2005	Restated 2004
<u>Revenues:</u>						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$29,009	\$29,741	\$879,107	\$582,364	\$908,116	\$612,105
Operating Grants and Contributions	1,509,523	322,830	281,354	246,951	1,790,877	569,781
Capital Grants and Contributions	0	0	469	26,041	469	26,041
<i>General Revenues:</i>						
Property Taxes	2,753,738	2,658,290	0	0	2,753,738	2,658,290
Unrestricted Grants and Entitlements	2,453,069	3,974,938	0	0	2,453,069	3,974,938
Investment Earnings	84,662	67,669	0	0	84,662	67,669
Gain on Sale of Capital Assets	0	27	0	0	0	27
Miscellaneous	25,236	95,227	29,965	164	55,201	95,391
Total Revenues	6,855,237	7,148,722	1,190,895	855,520	8,046,132	8,004,242
<u>Expenses:</u>						
<i>Program Expenses:</i>						
<i>Instruction:</i>						
Regular	353,828	376,885	0	0	353,828	376,885
Special	11,458	10,192	0	0	11,458	10,192
Vocational	3,321,242	3,611,907	0	0	3,321,242	3,611,907
Adult/Continuing	108,565	129,340	0	0	108,565	129,340

(Continued)

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2005	Restated 2004	2005	2004	2005	Restated 2004
<i>Support Services:</i>						
Pupils	343,064	374,363	0	0	343,064	374,363
Instructional Staff	162,556	161,796	0	0	162,556	161,796
Board of Education	84,172	95,145	0	0	84,172	95,145
Administration	728,042	641,161	0	0	728,042	641,161
Fiscal	367,266	370,018	0	0	367,266	370,018
Business	46,600	69,023	0	0	46,600	69,023
Operation and Maintenance of Plant	1,039,372	1,369,313	0	0	1,039,372	1,369,313
Pupil Transportation	305	250	0	0	305	250
Central	146,247	177,609	0	0	146,247	177,609
Operation of Non-Instructional Services	112,258	128,599	0	0	112,258	128,599
Extracurricular Activities	7,389	5,437	0	0	7,389	5,437
Adult Education	0	0	953,927	911,455	953,927	911,455
Rotary	0	0	42,861	54,138	42,861	54,138
Uniform School Supplies	0	0	53,862	68,304	53,862	68,304
<i>Total Expenses</i>	<u>6,832,364</u>	<u>7,521,038</u>	<u>1,050,650</u>	<u>1,033,897</u>	<u>7,883,014</u>	<u>8,554,935</u>
Excess Revenues (Expenses) Before Transfers	22,873	(372,316)	140,245	(178,377)	163,118	(550,693)
Transfers	(25,000)	(25,000)	25,000	25,000	0	0
<i>Changes in Net Assets</i>	<u>(2,127)</u>	<u>(397,316)</u>	<u>165,245</u>	<u>(153,377)</u>	<u>163,118</u>	<u>(550,693)</u>
Net Assets at Beginning of Year	<u>5,130,926</u>	<u>5,528,242</u>	<u>341,971</u>	<u>495,348</u>	<u>5,472,897</u>	<u>6,023,590</u>
Net Assets at End of Year	<u><u>\$5,128,799</u></u>	<u><u>\$5,130,926</u></u>	<u><u>\$507,216</u></u>	<u><u>\$341,971</u></u>	<u><u>\$5,636,015</u></u>	<u><u>\$5,472,897</u></u>

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The most significant program expenses for the Center are Vocational Instruction, Operation and Maintenance of Plant, Administration and Fiscal. These programs account for 79.85 percent of the total governmental activities. Vocational Instruction, which accounts for 48.61 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 15.21 percent of the total, represents costs associated with operating and maintaining the Center's facilities. Administration, which accounts for 10.66 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Center as a whole. Fiscal, which represents 5.37 percent of the total, represents costs associated with providing fiscal services rendered by persons in the fiscal office.

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 75.95 percent of total revenues for governmental activities.

The most significant program expenses for the Center's business-type activities is Adult Education. This program, which accounts for 90.79 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

Governmental Activities

Over the past several fiscal years, the Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 40.17 percent and intergovernmental revenue made up 57.80 percent of the total revenue for the governmental activities in fiscal year 2005.

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 2005, the Center received \$2,972,144 through the State's foundation program, which represents 43.36 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 48.14 percent of governmental activities program expenses. Support services expenses make up 37.01 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(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 \$1,160,930 and expenses of \$1,050,650 for fiscal year 2005. Over 75 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 2005 and a comparison to fiscal year 2004. 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
	2005	2005	2004	2004
<u>Program Expenses:</u>				
<i>Governmental Activities:</i>				
Instruction	\$3,795,093	\$2,600,877	\$4,128,324	\$3,982,737
Support Services	2,917,624	2,659,128	3,258,678	3,123,522
Operation of Non-Instructional Services	112,258	26,438	128,599	56,771
Extracurricular Activities	7,389	7,389	5,437	5,437
<i>Business-Type Activities:</i>				
Adult Education	953,927	(99,893)	911,455	164,080
Rotary	42,861	(1,701)	54,138	8,403
Uniform School Supplies	53,862	(8,686)	68,304	6,058
Total Expenses	<u>\$7,883,014</u>	<u>\$5,183,552</u>	<u>\$8,554,935</u>	<u>\$7,347,008</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 \$6,978,460 and expenditures and other financing uses of \$6,821,717.

Total governmental funds fund balance increased by \$156,743. The increase in fund balance for the year was most significant in the Other Governmental Funds.

The Center should remain stable in fiscal years 2006 through 2008. However, projections beyond fiscal year 2008 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
For the Fiscal Year Ended June 30, 2005
(Unaudited)

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 \$6,204,900 representing a \$5,900 increase from the original budget estimates of \$6,199,000. The final budget reflected a 0.09 percent increase from the original budgeted amount. For the General Fund, the final budget basis expenditures were \$6,947,717 representing an increase of \$4,301 from the original budget estimates of \$6,943,416.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the Center had \$9.6 million invested in capital assets in the governmental activities and \$0.4 million in the business-type activities. These totals carry accumulated depreciation of \$7.5 million and \$0.2 million, respectively. Table 4 shows fiscal year 2005 balances compared to fiscal year 2004.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 4
Capital Assets & Accumulated Depreciation at June 30, 2005

	Governmental Activities		Business-Type Activities	
	2005	Restated 2004	2005	2004
<i>Nondepreciable Capital Assets:</i>				
Land	\$26,308	\$26,308	\$0	\$0
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,142,436	4,142,436	0	0
Furniture, Fixtures and Equipment	4,964,156	4,829,700	374,312	270,779
Vehicles	457,821	457,821	0	0
<i>Total Capital Assets</i>	9,590,721	9,456,265	374,312	270,779
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(3,759,722)	(3,687,987)	0	0
Furniture, Fixtures and Equipment	(3,559,235)	(3,361,084)	(187,380)	(150,879)
Vehicles	(186,933)	(148,874)	0	0
<i>Total Accumulated Depreciation</i>	(7,505,890)	(7,197,945)	(187,380)	(150,879)
Capital Assets, Net	\$2,084,831	\$2,258,320	\$186,932	\$119,900

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

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Debt Administration

At June 30, 2005, the Center had no general obligation debt outstanding.

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

Current Issues

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

As indicated in the preceding financial information, the Center relies on the State funding for over 43 percent of their funding. In the summer of 2003, the Governor's Blue Ribbon Task Force on Financing Student Success began the challenge of developing a school funding system that is effective and for which a consensus can be developed. As of the date of these financial statements, the Center is unable to determine what effect, if any, this will have on its future State funding and on its financial statements.

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

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

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

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

Residential growth has not eluded the Center over the past few years. Increasing numbers of housing developments are being approved. Residential/agricultural property contributes over 83 percent of the Center's real estate valuation.

Commercial growth saw an increase in assessed valuation in calendar 2005. This was mainly due to increased valuation of the businesses located mainly within the boundaries of the Center.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Contacting the Center's Financial Management

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

TRI-COUNTY CAREER CENTER

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,547,985	\$278,712	\$3,826,697
Property Taxes Receivable	2,508,493	0	2,508,493
Accounts Receivable	1,434	103,253	104,687
Intergovernmental Receivable	59,010	0	59,010
Accrued Interest Receivable	2,057	0	2,057
Prepaid Items	45,226	0	45,226
Inventory Held for Resale	878	0	878
Materials and Supplies Inventory	36,331	0	36,331
Nondepreciable Capital Assets	26,308	0	26,308
Depreciable Capital Assets, Net	2,058,523	186,932	2,245,455
<i>Total Assets</i>	<u>8,286,245</u>	<u>568,897</u>	<u>8,855,142</u>
<u>Liabilities:</u>			
Accounts Payable	2,749	1,383	4,132
Accrued Wages and Benefits	493,860	44,077	537,937
Matured Compensated Absences Payable	443	0	443
Intergovernmental Payable	109,533	10,858	120,391
Deferred Revenue	2,123,116	0	2,123,116
<i>Long-Term Liabilities:</i>			
Due within One Year	68,417	169	68,586
Due in More Than One Year	359,328	5,194	364,522
<i>Total Liabilities</i>	<u>3,157,446</u>	<u>61,681</u>	<u>3,219,127</u>
<u>Net Assets:</u>			
Invested in Capital Assets	2,084,831	186,932	2,271,763
<i>Restricted for:</i>			
Capital Projects	150,712	0	150,712
Other Purposes	221,064	0	221,064
Unrestricted	2,672,192	320,284	2,992,476
<i>Total Net Assets</i>	<u>\$5,128,799</u>	<u>\$507,216</u>	<u>\$5,636,015</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$353,828	\$0	\$8,091	\$0
Special	11,458	0	12,677	0
Vocational	3,321,242	0	1,064,883	0
Adult/Continuing	108,565	0	108,565	0
<i>Support Services:</i>				
Pupils	343,064	0	87,328	0
Instructional Staff	162,556	0	35,832	0
Board of Education	84,172	0	0	0
Administration	728,042	0	0	0
Fiscal	367,266	0	0	0
Business	46,600	0	0	0
Operation and Maintenance of Plant	1,039,372	0	0	0
Pupil Transportation	305	0	0	0
Central	146,247	0	135,336	0
<i>Operation of Non-Instructional Services:</i>				
Food Services	112,178	29,009	56,811	0
Other	80	0	0	0
Extracurricular Activities	7,389	0	0	0
<i>Total Governmental Activities</i>	<u>6,832,364</u>	<u>29,009</u>	<u>1,509,523</u>	<u>0</u>
<u>Business-Type Activities:</u>				
Adult Education	953,927	771,997	281,354	469
Rotary	42,861	44,562	0	0
Uniform School Supplies	53,862	62,548	0	0
<i>Total Business-Type Activities</i>	<u>1,050,650</u>	<u>879,107</u>	<u>281,354</u>	<u>469</u>
<i>Totals</i>	<u>\$7,883,014</u>	<u>\$908,116</u>	<u>\$1,790,877</u>	<u>\$469</u>

General Revenues:

Property Taxes Levied for:

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year - As Restated (See Note 3)

Net Assets at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$345,737)	\$0	(\$345,737)
1,219	0	1,219
(2,256,359)	0	(2,256,359)
0	0	0
(255,736)	0	(255,736)
(126,724)	0	(126,724)
(84,172)	0	(84,172)
(728,042)	0	(728,042)
(367,266)	0	(367,266)
(46,600)	0	(46,600)
(1,039,372)	0	(1,039,372)
(305)	0	(305)
(10,911)	0	(10,911)
(26,358)	0	(26,358)
(80)	0	(80)
(7,389)	0	(7,389)
(5,293,832)	0	(5,293,832)
0	99,893	99,893
0	1,701	1,701
0	8,686	8,686
0	110,280	110,280
(5,293,832)	110,280	(5,183,552)
2,753,738	0	2,753,738
2,453,069	0	2,453,069
84,662	0	84,662
25,236	29,965	55,201
5,316,705	29,965	5,346,670
(25,000)	25,000	0
5,291,705	54,965	5,346,670
(2,127)	165,245	163,118
5,130,926	341,971	5,472,897
\$5,128,799	\$507,216	\$5,636,015

TRI-COUNTY CAREER CENTER

*Balance Sheet
Governmental Funds
June 30, 2005*

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,108,949	\$384,281	\$3,493,230
Property Taxes Receivable	2,508,493	0	2,508,493
Accounts Receivable	1,434	0	1,434
Intergovernmental Receivable	0	59,010	59,010
Accrued Interest Receivable	2,057	0	2,057
Interfund Receivable	51,239	0	51,239
Prepaid Items	45,226	0	45,226
Inventory Held for Resale	0	878	878
Materials and Supplies Inventory	36,331	0	36,331
<i>Total Assets</i>	<u>\$5,753,729</u>	<u>\$444,169</u>	<u>\$6,197,898</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$2,472	\$277	\$2,749
Accrued Wages and Benefits	452,564	41,296	493,860
Intergovernmental Payable	94,418	15,045	109,463
Interfund Payable	0	51,239	51,239
Deferred Revenue	2,370,978	59,010	2,429,988
Matured Compensated Absences Payable	0	443	443
<i>Total Liabilities</i>	<u>2,920,432</u>	<u>167,310</u>	<u>3,087,742</u>
<u>Fund Balances:</u>			
Reserved for Encumbrances	143,796	86,851	230,647
Reserved for Property Taxes	137,515	0	137,515
<i>Unreserved, Undesignated, Reported in:</i>			
General Fund	2,551,986	0	2,551,986
Special Revenue Funds	0	58,886	58,886
Capital Projects Funds	0	131,122	131,122
<i>Total Fund Balances</i>	<u>2,833,297</u>	<u>276,859</u>	<u>3,110,156</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,753,729</u>	<u>\$444,169</u>	<u>\$6,197,898</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, 2005*

Total Governmental Funds Balances	\$3,110,156
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,060,492
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	247,862
Intergovernmental revenue	<u>59,010</u>
Total receivables that are not reported in the funds	306,872
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	(427,745)
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>79,024</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$5,128,799</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, 2005

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$2,690,769	\$0	\$2,690,769
Intergovernmental	3,302,437	649,512	3,951,949
Interest	83,009	1,653	84,662
Customer Sales and Services	0	28,809	28,809
Miscellaneous	12,803	30,896	43,699
<i>Total Revenues</i>	<u>6,089,018</u>	<u>710,870</u>	<u>6,799,888</u>
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	332,711	1,873	334,584
Special	0	11,458	11,458
Vocational	3,057,163	223,435	3,280,598
Adult/Continuing	0	108,565	108,565
<i>Support Services:</i>			
Pupils	231,539	82,737	314,276
Instructional Staff	92,473	36,106	128,579
Board of Education	84,020	0	84,020
Administration	734,279	0	734,279
Fiscal	363,172	0	363,172
Business	62,726	0	62,726
Operation and Maintenance of Plant	845,463	83,850	929,313
Pupil Transportation	305	0	305
Central	14,234	130,577	144,811
Operation of Non-Instructional Services	0	114,198	114,198
Extracurricular Activities	7,333	0	7,333
<i>Total Expenditures</i>	<u>5,825,418</u>	<u>792,799</u>	<u>6,618,217</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>263,600</u>	<u>(81,929)</u>	<u>181,671</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from the Sale of Capital Assets	72	0	72
Transfers In	0	178,500	178,500
Transfers Out	(203,500)	0	(203,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(203,428)</u>	<u>178,500</u>	<u>(24,928)</u>
<i>Net Change in Fund Balances</i>	60,172	96,571	156,743
<i>Fund Balances at Beginning of Year</i>	<u>2,773,125</u>	<u>180,288</u>	<u>2,953,413</u>
<i>Fund Balances at End of Year</i>	<u>\$2,833,297</u>	<u>\$276,859</u>	<u>\$3,110,156</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, 2005*

Net Change in Fund Balances - Total Governmental Funds \$156,743

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. (156,913)

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. (15,755)

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	62,969	
Intergovernmental	(7,620)	

Total receivables not reported in the funds 55,349

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	(27,546)	
Intergovernmental payables	12,046	

Total expenditures not reported in the funds (15,500)

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. (26,051)

Change in Net Assets of Governmental Activities (\$2,127)

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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<u>Revenues:</u>				
Property Taxes	\$2,628,000	\$2,628,000	\$2,695,683	\$67,683
Intergovernmental	3,501,000	3,501,000	3,302,437	(198,563)
Interest	65,000	65,000	83,009	18,009
Miscellaneous	5,000	10,900	12,681	1,781
<i>Total Revenues</i>	<u>6,199,000</u>	<u>6,204,900</u>	<u>6,093,810</u>	<u>(111,090)</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	352,460	355,940	348,126	7,814
Vocational	3,940,465	3,848,270	3,384,602	463,668
<i>Support Services:</i>				
Pupils	245,624	258,002	242,353	15,649
Instructional Staff	110,866	113,027	111,531	1,496
Board of Education	97,195	97,195	91,157	6,038
Administration	670,660	794,417	741,675	52,742
Fiscal	418,639	418,639	370,390	48,249
Business	138,038	138,038	63,815	74,223
Operation and Maintenance of Plant	853,869	883,574	851,836	31,738
Pupil Transportation	0	475	455	20
Central	115,600	33,036	15,606	17,430
Extracurricular Activities	0	7,104	7,104	0
<i>Total Expenditures</i>	<u>6,943,416</u>	<u>6,947,717</u>	<u>6,228,650</u>	<u>719,067</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(744,416)</u>	<u>(742,817)</u>	<u>(134,840)</u>	<u>607,977</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	0	0	72	72
Advances In	97,000	97,000	85,000	(12,000)
Advances Out	(90,000)	(90,000)	0	90,000
Transfers Out	(204,100)	(204,100)	(204,100)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(197,100)</u>	<u>(197,100)</u>	<u>(119,028)</u>	<u>78,072</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(941,516)</u>	<u>(939,917)</u>	<u>(253,868)</u>	<u>686,049</u>
<i>Fund Balance at Beginning of Year</i>	3,040,164	3,040,164	3,040,164	0
<i>Prior Year Encumbrances Appropriated</i>	<u>205,756</u>	<u>205,756</u>	<u>205,756</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,304,404</u>	<u>\$2,306,003</u>	<u>\$2,992,052</u>	<u>\$686,049</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

Statement of Net Assets

Proprietary Funds

June 30, 2005

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Assets:</u>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$152,692	\$126,020	\$278,712	\$54,755
Accounts Receivable	96,443	6,810	103,253	0
<i>Noncurrent Assets:</i>				
Depreciable Capital Assets, Net	186,932	0	186,932	24,339
<i>Total Assets</i>	<u>436,067</u>	<u>132,830</u>	<u>568,897</u>	<u>79,094</u>
<u>Liabilities:</u>				
<i>Current Liabilities:</i>				
Accounts Payable	1,383	0	1,383	0
Accrued Wages and Benefits	44,077	0	44,077	0
Intergovernmental Payable	10,858	0	10,858	70
Compensated Absences Payable	169	0	169	0
<i>Noncurrent Liabilities:</i>				
Compensated Absences Payable	5,194	0	5,194	0
<i>Total Liabilities</i>	<u>61,681</u>	<u>0</u>	<u>61,681</u>	<u>70</u>
<u>Net Assets:</u>				
Invested in Capital Assets	186,932	0	186,932	24,339
Unrestricted	187,454	132,830	320,284	54,685
<i>Total Net Assets</i>	<u>\$374,386</u>	<u>\$132,830</u>	<u>\$507,216</u>	<u>\$79,024</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, 2005*

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Operating Revenues:</u>				
Tuition	\$709,286	\$0	\$709,286	\$0
Sales	62,711	62,548	125,259	0
Charges for Services	0	44,562	44,562	0
Other Operating Revenues	29,820	23	29,843	0
<i>Total Operating Revenues</i>	<u>801,817</u>	<u>107,133</u>	<u>908,950</u>	<u>0</u>
<u>Operating Expenses:</u>				
Salaries	449,227	0	449,227	19,775
Fringe Benefits	117,291	0	117,291	5,455
Purchased Services	282,691	0	282,691	0
Materials and Supplies	64,027	96,723	160,750	0
Depreciation	35,612	0	35,612	713
Other Operating Expenses	4,930	0	4,930	0
<i>Total Operating Expenses</i>	<u>953,778</u>	<u>96,723</u>	<u>1,050,501</u>	<u>25,943</u>
<i>Operating Income (Loss)</i>	<u>(151,961)</u>	<u>10,410</u>	<u>(141,551)</u>	<u>(25,943)</u>
<u>Nonoperating Revenues (Expenses):</u>				
Federal and State Subsidies	281,354	0	281,354	0
Other Nonoperating Revenue	0	122	122	0
Loss on Sale of Capital Assets	(149)	0	(149)	(108)
Contributions	469	0	469	0
<i>Total Nonoperating Revenues (Expenses)</i>	<u>281,674</u>	<u>122</u>	<u>281,796</u>	<u>(108)</u>
<i>Income (Loss) before Transfers</i>	129,713	10,532	140,245	(26,051)
Transfers In	188,650	0	188,650	0
Transfers Out	(163,650)	0	(163,650)	0
<i>Change in Net Assets</i>	154,713	10,532	165,245	(26,051)
<i>Net Assets at Beginning of Year</i>	<u>219,673</u>	<u>122,298</u>	<u>341,971</u>	<u>105,075</u>
<i>Net Assets at End of Year</i>	<u>\$374,386</u>	<u>\$132,830</u>	<u>\$507,216</u>	<u>\$79,024</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, 2005

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Sales	\$62,711	\$105,792	\$168,503	\$0
Cash Received from Tuition and Charges for Services	628,178	0	628,178	0
Other Cash Receipts	29,820	145	29,965	0
Cash Payments to Employees for Services	(452,129)	0	(452,129)	(19,775)
Cash Payments for Employee Benefits	(133,296)	0	(133,296)	(5,746)
Cash Payments for Goods and Services	(371,078)	(103,439)	(474,517)	0
Other Cash Payments	(4,930)	0	(4,930)	0
<i>Net Cash from Operating Activities</i>	<u>(240,724)</u>	<u>2,498</u>	<u>(238,226)</u>	<u>(25,521)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	281,354	0	281,354	0
Transfers In	188,650	0	188,650	0
Advances Out	(163,650)	0	(163,650)	0
<i>Net Cash from Noncapital Financing Activities</i>	<u>306,354</u>	<u>0</u>	<u>306,354</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Cash Payments for Capital Acquisitions	(109,006)	0	(109,006)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(43,376)	2,498	(40,878)	(25,521)
<i>Cash and Cash Equivalents at Beginning of Year</i>	196,068	123,522	319,590	80,276
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$152,692</u>	<u>\$126,020</u>	<u>\$278,712</u>	<u>\$54,755</u>
<u>Reconciliation of Operating Income (Loss)</u>				
<u>to Net Cash from Operating Activities:</u>				
Operating Income (Loss)	(\$151,961)	\$10,410	(\$141,551)	(\$25,943)
<u>Adjustments to Reconcile Operating Income (Loss)</u>				
<u>to Net Cash from Operating Activities:</u>				
Depreciation	35,612	0	35,612	713
Other Receipts	0	122	122	0
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	(81,108)	(1,318)	(82,426)	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	(28,685)	(6,716)	(35,401)	0
Accrued Wages and Benefits	(1,226)	0	(1,226)	0
Intergovernmental Payable	(18,362)	0	(18,362)	(291)
Compensated Absences Payable	5,006	0	5,006	0
<i>Total Adjustments</i>	<u>(88,763)</u>	<u>(7,912)</u>	<u>(96,675)</u>	<u>422</u>
<i>Net Cash from Operating Activities</i>	<u>(\$240,724)</u>	<u>\$2,498</u>	<u>(\$238,226)</u>	<u>(\$25,521)</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

Statement of Fiduciary Net Assets

Fiduciary Fund

June 30, 2005

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$58,034</u>
<i>Total Assets</i>	<u>58,034</u>
<u>Liabilities:</u>	
Undistributed Monies	2,595
Due to Students	<u>55,439</u>
<i>Total Liabilities</i>	<u><u>\$58,034</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, 2005

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Tri-County Career Center is a joint vocational school 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 districts spread throughout Athens, Hocking and Perry Counties.

The Center operates under a 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 463 students and is staffed by 32 classified, 63 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, include student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

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

The Center is involved with the Southeastern Ohio Voluntary Education Cooperative (SEOVEC), Southeastern Ohio Special Education Regional Resource Center (SERRC), and the Athens County School Employees Health and Welfare Benefit Association, which are defined as jointly governed organizations. The Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 16 and 17 to the basic financial statements.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 self-balancing set of accounts. The funds of the Center fall within three categories: governmental, proprietary and fiduciary.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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.

The following is the Center's only 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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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.

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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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.

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, 2005, but which were levied to finance fiscal year 2005 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 2005, the Center's investments were limited to STAROhio and certificates of deposit with local institutions. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. 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 investments the investment could be sold for on June 30, 2005.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2005 amounted to \$83,009 which includes \$15,463 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.

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, 2005, 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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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.

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. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees will be paid.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

K. Accrued Liabilities and Long-Term Liabilities

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

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

L. Net Assets

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

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

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

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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 2005.

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.

NOTE 3 -PRIOR PERIOD ADJUSTMENT AND NEW GASB PRONOUNCEMENT

Prior Period Adjustment

At June 30, 2004, the Center found that there were errors in the calculation of accumulated depreciation during fiscal year 2004 that resulted in the June 30, 2004 capital asset balances being overstated.

	<u>Governmental Activities</u>
Net Assets at June 30, 2004	\$5,175,387
Overstatement of Capital Assets	(44,461)
Adjusted Net Assets at June 30, 2004	<u><u>\$5,130,926</u></u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 3 - PRIOR PERIOD ADJUSTMENT AND NEW GASB PRONOUNCEMENT- (Continued)

New GASB Pronouncement

For fiscal year 2005, the Center implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures." The implementation of GASB Statement No. 40 had some effect on the disclosure requirements, however, there was no effect on the prior period net assets or fund balances of the Center.

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 Balances - 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	\$60,172
<i>Adjustments:</i>	
Revenue Accruals	4,792
Expenditure Accruals	(257,799)
Encumbrances	(145,433)
Other Sources (Uses)	84,400
Budget Basis	(\$253,868)

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 5 - ACCOUNTABILITY

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

Nonmajor Special Revenue Funds:

Food Service	\$59,243
Teacher Residency	35
Network System	201
Miscellaneous State Grants	60
Driver's Education	250

The deficit in the Food Service Fund is due to a \$28,538 cash basis deficit, with the remaining \$30,705 deficit the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The deficit in each of the remaining 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. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Center's name. During fiscal year 2005, the Center complied with the provisions of these statutes.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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;
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."

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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 in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center.

At June 30, 2005, the carrying amount of all the Center deposits was \$1,568,229. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of June 30, 2005, \$1,215,470 of the Center’s bank balance of \$1,415,470 was exposed to custodial risk as discussed above, while \$200,000 was covered by Federal Deposit Insurance. The \$1,215,470 exposed to custodial risk was collateralized with securities held by the Center or its agency in the Center’s name.

Investments: As of June 30, 2005, the Center had the following investments and maturities:

Investment Type	Fair Value	6 Months or Less
STAROhio	\$2,316,502	\$2,316,502
Totals	\$2,316,502	\$2,316,502

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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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	\$3,884,731	\$0
<i>Investments:</i>		
STAR Ohio	(2,316,502)	2,316,502
	\$1,568,229	\$2,316,502
GASB Statement No. 3		

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. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second - Half Collections		2005 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,059,027,310	82.89%	\$1,147,515,600	83.71%
Public Utility Personal	124,495,940	9.74%	137,275,700	10.01%
Tangible Personal Property	94,043,361	7.36%	86,038,050	6.28%
Total Assessed Value	\$1,277,566,611	100.00%	\$1,370,829,350	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$3.30		\$3.30	

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 7 - PROPERTY TAXES - (Continued)

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, 2005 is available to finance fiscal year 2005 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, 2005. 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 \$137,515 available for advance to the General Fund at June 30, 2005.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2005 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>	
Network System	\$2,789
Vocational Education	48,974
Title VI	3,198
Title II-A	4,049
Total Intergovernmental Receivable	<u><u>\$59,010</u></u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 9 - CAPITAL ASSETS

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

Asset Category	Restated Balance at July 1, 2004	Additions	Deletions	Net Transfers	Balance at June 30, 2005
Governmental Activities:					
<i>Nondepreciable Capital Assets:</i>					
Land	\$26,308	\$0	\$0	\$0	\$26,308
<i>Depreciable Capital Assets:</i>					
Buildings and Improvements	4,142,436	0	0	0	4,142,436
Furniture, Fixtures and Equipment	4,829,700	284,712	(145,637)	(4,619)	4,964,156
Vehicles	457,821	0	0	0	457,821
Total Depreciable Capital Assets	9,429,957	284,712	(145,637)	(4,619)	9,564,413
Total Capital Assets	9,456,265	284,712	(145,637)	(4,619)	9,590,721
<i>Accumulated Depreciation:</i>					
Buildings and Improvements	(3,687,987)	(71,735)	0	0	(3,759,722)
Furniture, Fixtures and Equipment	(3,361,084)	(332,544)	130,243	4,150	(3,559,235)
Vehicles	(148,874)	(38,059)	0	0	(186,933)
Total Accumulated Depreciation	(7,197,945)	(442,338)	130,243	4,150	(7,505,890)
Total Net Capital Assets	\$2,258,320	(\$157,626)	(\$15,394)	(\$469)	\$2,084,831

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$12,055
Vocational	189,819
<i>Support Services:</i>	
Pupils	32,027
Instructional Staff	29,898
Board of Education	502
Administration	21,483
Fiscal	3,608
Business	6,732
Operation and Maintenance of Plant	138,859
Central	413
Operation of Non-Instructional Services	6,886
Extracurricular Activities	56
Total Depreciation Expense	\$442,338

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

Asset Category	Balance at July 1, 2004	Additions	Deletions	Net Transfers	Balance at June 30, 2005
Business-Type Activities:					
<i>Depreciable Capital Assets:</i>					
Furniture, Fixtures and Equipment	\$270,779	\$102,324	(\$3,410)	\$4,619	\$374,312
<i>Accumulated Depreciation:</i>					
Furniture, Fixtures and Equipment	(150,879)	(35,612)	3,261	(4,150)	(187,380)
Business-Type Activities Capital Assets, Net	\$119,900	\$66,712	(\$149)	\$469	\$186,932

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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 2005, the Center contracted with various commercial carriers for property and fleet insurance, inland marine insurance, and liability insurance, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2005 are as follows:

Building and Contents-replacement cost (\$2,500 deductible)	\$12,818,109
Inland Marine Coverage (\$500 deductible)	210,000
Automobile Liability (\$500 deductible)	500,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	500,000
<i>General Liability:</i>	
Medical Expense Limit (any one person)	5,000
Fire Damage Limit (any one fire)	100,000
Per Occurrence	3,000,000
Total Per Year	5,000,000
School Leaders Errors and Omissions (\$10,000 deductible)	2,000,000
<i>Public Official Bonds:</i>	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond	25,000

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

Workers' Compensation

For fiscal year 2005, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 calling (614) 222-5853.

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. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 10.57 percent of the annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Center's contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$119,471, \$99,797, and \$76,675, respectively; 100 percent has been contributed for fiscal years 2005, 2004 and 2003. There are no unpaid contributions at the end of fiscal year 2005.

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. STRS provides basic retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$416,915, \$458,236, and \$475,573, respectively; 85.91 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003. \$58,741 representing the unpaid contribution for fiscal year 2005, is recorded as a liability in the financial statements.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POST-EMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$32,070 during fiscal year 2005.

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 12 - POST-EMPLOYMENT BENEFITS - (Continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the District, the amount to fund health care benefits, including the surcharge, equaled \$53,554 during the 2005 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004 (the latest information available) were \$223,443,805 and the target level was \$335.2 million. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 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, 2005

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the Center's long-term liabilities for governmental activities during fiscal year 2005 were as follows:

	Principal Outstanding at July 1, 2004	Additions	Deductions	Principal Outstanding at June 30, 2005	Amount Due In One Year
<i>Governmental Activities:</i>					
Compensated Absences Payable	\$419,731	\$166,231	\$158,217	\$427,745	\$68,417

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 2005 were as follows:

	Principal Outstanding at July 1, 2004	Additions	Deductions	Principal Outstanding at June 30, 2005	Amount Due In One Year
<i>Business-Type Activities:</i>					
Compensated Absences Payable	\$7,039	\$5,363	\$7,039	\$5,363	\$169

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

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2005, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$51,239	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	50,539
Miscellaneous State Grants	0	450
Driver's Education	0	250
Total Special Revenue Funds	0	51,239
Totals	<u>\$51,239</u>	<u>\$51,239</u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 15 - INTERFUND ACTIVITY - (Continued)

The balance of \$51,239 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

	Transfers To			
Transfers From	Adult Education	Nonmajor Capital Projects	Nonmajor Special Revenue	Total
General	\$25,000	\$175,000	\$3,500	\$203,500

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 16 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperative

Southeastern Ohio Voluntary Education Cooperative (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 35 participants consisting of 26 school districts and 9 county boards of education. 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 \$9,831 for membership in fiscal year 2005. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, P.O. Box 1250, Athens, Ohio 45701.

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 Tri-County Career 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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

Athens County School Employees Health and Welfare Benefit Association

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

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

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

NOTE 18 - CONTINGENCIES

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2005.

NOTE 19 - STATUTORY SET-ASIDES

The following changes occurred in the Center's set-aside reserve accounts during fiscal year 2005:

	Textbook	Capital Improvements	Totals
Set-Aside Balance as of July 1, 2004	\$0	\$0	\$0
Current Year Set-Aside Requirement	74,143	74,143	148,286
Qualifying Disbursements	(149,254)	(463,664)	(612,918)
Total	(75,111)	(389,521)	(464,632)
Set-Aside Balance as of June 30, 2005	<u>\$0</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$0</u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 19 - STATUTORY SET-ASIDES - (Continued)

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

NOTE 20 - STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed the earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The Center is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Pass through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A	\$0	\$11,661	\$0	\$11,661
National School Lunch Program	10.555	LL-P4-04 LL-P4-05	13,495 37,108		13,495 37,108	
Total National School Lunch Program			<u>50,603</u>	<u>0</u>	<u>50,603</u>	<u>0</u>
Total Nutrition Cluster			<u>50,603</u>	<u>11,661</u>	<u>50,603</u>	<u>11,661</u>
Total United States Department of Agriculture			50,603	11,661	50,603	11,661
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed through the Ohio Department of Education</i>						
Higher Skills Partnership Incentive Grant - WIA Adult	17.258	WFHS-04	13,568			
Total United States Department of Labor			13,568	0	0	0
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Direct from the Federal Government</i>						
Pell Grant Program	84.063	P063P033863 P063P043863	12,258 96,307		12,258 96,307	
Total Pell Grant Program			<u>108,565</u>	<u>0</u>	<u>108,565</u>	<u>0</u>
<i>Passed through the Ohio Department of Education</i>						
Vocational Education-Basic Grants to States	84.048	20-C1-04 20-C1-05	50,228 318,458		55,614 309,388	
Total Vocational Education-Basic Grants to States			<u>368,686</u>	<u>0</u>	<u>365,002</u>	<u>0</u>
Innovative Education Program Strategies Title V	84.298	C2-S1-04 C2-S1-05	4 1,691		1,691	
Total Innovative Education Program Strategies			<u>1,695</u>	<u>0</u>	<u>1,691</u>	<u>0</u>
Improving Teacher Quality Grant Title II-A	84.367	TR-S1-05	4,578		3,715	
Total United States Department of Education			<u>483,524</u>	<u>0</u>	<u>478,973</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$547,695</u>	<u>\$11,661</u>	<u>\$529,576</u>	<u>\$11,661</u>

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

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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



Auditor of State Betty Montgomery

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

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764-9532

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2005, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 22, 2006, wherein we noted the Center adopted Governmental Accounting Standards Board Statement 40. 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 to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of reasonably assuring whether the Center's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance which we must report under *Government Auditing Standards*. In a separate letter to the Center's management dated February 22, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

February 22, 2006



Auditor of State Betty Montgomery

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 45764-9532

To the Board of Education:

We have audited the compliance of 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 apply to its major federal program for the year ended June 30, 2005. 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.

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

In our opinion, the Center complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

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

Tri-County Career Center
Athens County
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

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

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

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

Betty Montgomery
Auditor of State

February 22, 2006

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2005**

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 other reportable conditions 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 other reportable internal control weakness conditions 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?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Vocational Education – Basic Grants to States: CFDA #84.048
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

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 30, 2006**