



**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Trumbull Career & Technical Center, Trumbull County, (the Center) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Trumbull Career & Technical Center, Trumbull County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Center, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

February 9, 2001

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**Trumbull Career & Technical Center  
Trumbull County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000**

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals
	Special	Debt	Capital	Fund Types		General	General	(Memorandum)	
	General	Revenue	Service	Projects	Enterprise	Trust and Agency	Fixed Assets	Long Term Debt	(Only)
Assets and Other Debits:									
Equity in Pooled Cash and Investments	\$ 3,880,719	\$167,770	\$3	\$756,919	\$452,306	\$61,143			\$ 5,318,860
Restricted Assets	136,702								136,702
Taxes Receivable	4,485,387		149,702						4,635,089
Interfund Receivable	246,491								246,491
Due from Other Funds							19,068		19,068
Intergovernmental Receivable	705	27,571							28,276
Accounts Receivable	60,374				34,358				94,732
Supplies Inventory	37,944				781				38,725
Inventory for Resale					4,685				4,685
Property, Plant & Equipment (net where applicable)					52,961		\$12,660,721		12,713,682
Amount to be Provided for Retirement of General Long Term Debt								\$2,303,228	2,303,228
<b>Total Assets and Other Debits</b>	<b>\$ 8,848,322</b>	<b>195,341</b>	<b>149,705</b>	<b>756,919</b>	<b>545,091</b>	<b>80,211</b>	<b>12,660,721</b>	<b>2,303,228</b>	<b>\$ 25,539,538</b>

See Accompanying Notes to the General Purpose Financial Statements.



**Trumbull Career & Technical Center  
Trumbull County  
Combined Balance Sheet  
All Fund Types and Account Groups, Continued  
June 30, 2000**

	Governmental Fund Types				Proprietary Enterprise	Fiduciary	Account Groups		Totals
	General	Special Revenue	Debt Service	Capital Project		Trust and Agency	General Fixed Assets	General Long Term Debt	2000 (Memorandum) (Only)
<b>Liabilities:</b>									
Interfund Payable		\$130,003			\$116,488				\$ 246,491
Due to Other Funds	\$18,179	242			647				19,068
Intergovernmental Payable	99,730	6,610			11,051	\$21,544		\$9,071	148,006
Accounts Payable	52,477	550			2,399				55,426
Accrued Salaries and Benefits	725,623	48,659			86,950				861,232
Deferred Revenue	4,468,727		\$149,702		1,223				4,619,652
Due to Others						52,645			52,645
Energy Conservation Notes Payable								1,418,247	1,418,247
Capital Leases Payable					5,299				5,299
Compensated Absences Payable	33,032	105			40,622			875,910	949,669
<b>Total Liabilities</b>	<b>5,397,768</b>	<b>186,169</b>	<b>149,702</b>	<b>0</b>	<b>264,679</b>	<b>74,189</b>	<b>0</b>	<b>2,303,228</b>	<b>8,375,735</b>
<b>Fund Equity and Other Credits:</b>									
Investment in General Fixed Assets							\$12,660,721		12,660,721
Retained Earnings					280,412				280,412
<b>Fund Balances:</b>									
Reserved for Budget Stabilization	136,702								136,702
Reserved for Inventory	37,944								37,944
Reserved for Encumbrances	93,826	108,342		39,088					241,256
Reserved for Future Appropriation	16,660								16,660
Unreserved Fund Balance	3,165,422	(99,170)	3	717,831		6,022			3,790,108
<b>Total Fund Equity</b>	<b>3,450,554</b>	<b>9,172</b>	<b>3</b>	<b>756,919</b>	<b>0</b>	<b>6,022</b>	<b>0</b>	<b>0</b>	<b>4,222,670</b>
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	<b>3,450,554</b>	<b>9,172</b>	<b>3</b>	<b>756,919</b>	<b>280,412</b>	<b>6,022</b>	<b>12,660,721</b>	<b>0</b>	<b>17,163,803</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 8,848,322</b>	<b>195,341</b>	<b>149,705</b>	<b>756,919</b>	<b>545,091</b>	<b>80,211</b>	<b>12,660,721</b>	<b>2,303,228</b>	<b>\$ 25,539,538</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Trumbull Career & Technical Center  
Trumbull County  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance  
All Governmental Fund Types and Expendable Trust Funds  
Year Ended June 30, 2000**

	Governmental Fund Types				Fiduciary	Totals (Memorandum) (Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
<b>REVENUES:</b>						
Taxes	\$ 3,852,107		\$149,708			\$ 4,001,815
Earnings on Investments	254,926					254,926
Extracurricular Activities		\$2,098				2,098
Miscellaneous	93,466				\$1,351	94,817
Revenue from Intermediate Sources						
Revenue for/on Behalf of District	2980					2,980
Revenue from State Sources						
Unrestricted Grants-in-Aid	4,539,448	182,301		\$81,860		4,803,609
Restricted Grants-in-Aid		103,005				103,005
Revenue from Federal Sources						
Restricted Grants-in-Aid		663,597				663,597
<b>Total Revenue</b>	<b>8,742,927</b>	<b>951,001</b>	<b>149,708</b>	<b>81,860</b>	<b>1,351</b>	<b>9,926,847</b>
<b>EXPENDITURES:</b>						
Instruction						
Regular	80,315				1,898	82,213
Vocational	4,641,157	402,632		118,068		5,161,857
Adult/Continuing	1,885	89,661				91,546
Supporting Services						
Pupils	134,475	136,803				271,278
Instructional Staff	10,532	56,781				67,313
Board of Education	25,737					25,737
Administration	972,398	13,190			469	986,057
Fiscal Services	348,724					348,724
Business	62,377					62,377
Operation & Maintenance-Plant	752,608			129,958		882,566
Pupil Transportation	10,532					10,532
Central Services		107,201		865		108,066
Food Services	4,755					4,755
Occupation Oriented Activities	1,599					1,599
Capital Outlay						
Other Facility Acquisition & Construction				1,264,586		1,264,586
Debt Service						
Repayment of Debt			149,705			149,705
<b>Total Expenditures</b>	<b>7,047,094</b>	<b>806,268</b>	<b>149,705</b>	<b>1,513,477</b>	<b>2,367</b>	<b>9,518,911</b>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	1,695,833	144,733	3	(1,431,617)	(1,016)	407,936
Other Financing Sources and Uses:						
Sale & Loss of Assets	3,500					3,500
Proceeds from Sale of Notes				1,500,000		1,500,000
Transfers-In		734		400,000		400,734
Refund of Prior Years Expenditures	6,782					6,782
Transfers-Out	(452,718)					(452,718)
Refund of Prior Years Receipts		56				56
<b>Net Other Financing Sources and Uses</b>	<b>(442,436)</b>	<b>790</b>	<b>0</b>	<b>1,900,000</b>	<b>0</b>	<b>1,458,354</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditure						
Disbursement and Other Uses	1,253,397	145,523	3	468,383	(1,016)	1,866,290
Increase in Inventory						0
Beginning Fund Balance	2,197,157	(136,351)		288,536	7,038	2,356,380
<b>Ending Fund Balance</b>	<b>\$ 3,450,554</b>	<b>9,172</b>	<b>3</b>	<b>756,919</b>	<b>6,022</b>	<b>\$ 4,222,670</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Trumbull Career & Technical Center**  
**Trumbull County**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 3,852,556	\$3,852,556				
Earnings on Investment	216,253	231,579	\$15,326			
Extracurricular Activities				\$2,154	\$2,154	
Miscellaneous	99,085	99,582	497			
Revenue for/on Behalf of District	2,536	2,536				
State Unrestricted Grants-in-Aid	4,535,073	4,535,073		191,543	191,543	
State Restricted Grants-in-Aid				103,005	103,005	
Federal Restricted Grants-in-Aid				629,783	629,783	
<b>Total Revenue</b>	<b>8,705,503</b>	<b>8,721,326</b>	<b>15,823</b>	<b>926,485</b>	<b>926,485</b>	
<b>Expenditures:</b>						
Regular Instruction	90,048	90,048				
Vocational Instruction	4,636,014	4,636,014		477,639	459,773	\$17,866
Adult/Continuing Instruction				111,352	99,378	11,974
Support Services-Pupils	135,343	135,343		178,472	175,949	2,523
Support Services-Instructional Staff	10,955	10,955		73,629	63,956	9,673
Support Services-Board of Education	26,047	26,047				
Support Services-Administration	958,438	958,438		13,207	13,207	
Support Services-Fiscal Services	347,833	347,824	9			
Support Services-Business	91,141	91,141				
Operation & Maintenance-Plant	794,739	794,739				
Support Services-Transportation	10,562	10,562				
Support Services-Central				119,780	112,226	7,554
Food Services	8,804	8,804				
Occupation Oriented Activities	1,599	1,599				
Facilities Acquisition & Construction						
Repayment of Debt						
<b>Total Expenditures</b>	<b>7,111,523</b>	<b>7,111,514</b>	<b>9</b>	<b>974,079</b>	<b>924,489</b>	<b>49,590</b>
Excess of Revenue Over (Under) Expenditures	1,593,980	1,609,812	15,832	(47,594)	1,996	49,590
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	3,500	3,500				
Proceeds from Sale of Notes						
Transfer-In				734	734	
Advances-In	499,448	499,448		130,003	130,003	
Refund of Prior Years Expenditures	3,249	3,249				
Transfers-Out	(452,718)	(452,718)				
Advances-Out	(230,038)	(246,491)	(16,453)		(150,413)	(150,413)
<b>Total Other Sources (Uses)</b>	<b>(176,559)</b>	<b>(193,012)</b>	<b>(16,453)</b>	<b>130,737</b>	<b>(19,676)</b>	<b>(150,413)</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,417,421	1,416,800	(621)	83,143	(17,680)	(100,823)
Beginning Fund Balance	2,357,224	2,357,224		42,677	42,677	
Prior Year Carry Over Encumbrances	76,512	76,512		33,904	33,904	
<b>Ending Fund Balance</b>	<b>\$ 3,851,157</b>	<b>3,850,536</b>	<b>(621)</b>	<b>159,724</b>	<b>58,901</b>	<b>\$ (100,823)</b>

(Continued)

**Trumbull Career & Technical Center  
Trumbull County  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Non-GAAP Basis)  
All Governmental Fund Types and Expendable Trust Fund - Continued  
Year Ended June 30, 2000**

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 149,708	149,708				
Earnings on Investment						
Extracurricular Activities						
Miscellaneous						
Revenue for/on Behalf of District						
State Unrestricted Grants-in-Aid				\$81,860	\$81,860	
State Restricted Grants-in-Aid						
Federal Restricted Grants-in-Aid						
Total Revenue	149,708	149,708		81,860	81,860	
Expenditures:						
Regular Instruction						
Vocational Instruction				118,334	118,334	
Adult/Continuing Instruction						
Support Services-Pupils						
Support Services-Instructional Staff						
Support Services-Board of Education						
Support Services-Administration						
Support Services-Fiscal Services						
Support Services-Business						
Operation & Maintenance-Plant				174,221	174,221	
Support Services-Transportation						
Support Services-Central				1,274	1,274	
Food Services						
Occupation Oriented Activities						
Facilities Acquisition & Construction				1,315,184	1,315,184	
Repayment of Debt	149,705	149,705				
Total Expenditures	149,705	149,705		1,609,013	1,609,013	
Excess of Revenue Over (Under) Expenditures	3	3		(1,527,153)	(1,527,153)	
Other Financing Sources (Uses):						
Sale and Loss of Assets						
Proceeds from Sale of Notes				1,500,000	1,500,000	
Transfers-In				400,000	400,000	
Advances-In						
Refund of Prior Years Expenditures						
Transfers-Out						
Advances-Out				(266,453)	(250,000)	16,453
Total Other Sources (Uses)				1,633,547	1,650,000	16,453
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3	3		106,394	122,847	16,453
Beginning Fund Balance				521,863	521,863	
Prior Year Carry Over Encumbrances				73,121	73,121	
Ending Fund Balance	\$ 3	3		701,378	717,831	\$ 16,453

(Continued)

**Trumbull Career & Technical Center  
Trumbull County  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Non-GAAP Basis)  
All Governmental Fund Types and Expendable Trust Fund - Continued  
Year Ended June 30, 2000**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes				\$4,002,264	\$4,002,264	
Earnings on Investment				216,253	231,579	\$15,326
Extracurricular Activities				2,154	2,154	
Miscellaneous	\$1,351	\$1,351		100,436	100,933	497
Revenue for/on Behalf of District				2,536	2,536	
State Unrestricted Grants-in-Aid				4,808,476	4,808,476	
State Restricted Grants-in-Aid				103,005	103,005	
Federal Restricted Grants-in-Aid				629,783	629,783	
<b>Total Revenue</b>	<b>1,351</b>	<b>1,351</b>		<b>9,864,907</b>	<b>9,880,730</b>	<b>15,823</b>
<b>Expenditures:</b>						
Regular Instruction	1,899	1,899		91,947	91,947	
Vocational Instruction				5,231,987	5,214,121	17,866
Other Instruction				111,352	99,378	11,974
Support Services-Pupils				313,815	311,292	2,523
Support Services-Instructional Staff				84,584	74,911	9,673
Support Services-Board of Education				26,047	26,047	
Support Services-Administration	469	469		972,114	972,114	
Support Services-Fiscal Services				347,833	347,824	9
Support Services-Business				91,141	91,141	
Operation & Maintenance-Plant				968,960	968,960	
Support Services-Transportation				10,562	10,562	
Support Services-Central				121,054	113,500	7,554
Food Services				8,804	8,804	
Occupation Oriented Activities				1,599	1,599	
Facilities Acquisition & Construction				1,315,184	1,315,184	
Repayment of Debt				149,705	149,705	
<b>Total Expenditures</b>	<b>2,368</b>	<b>2,368</b>		<b>9,846,688</b>	<b>9,797,089</b>	<b>49,599</b>
Excess of Revenue Over (Under) Expenditures	(1,017)	(1,017)		18,219	83,641	65,422
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets				3,500	3,500	
Proceeds from Sale of Notes				1,500,000	1,500,000	
Transfers-In				400,734	400,734	
Advances-In				629,451	629,451	
Refund of Prior Years Expenditures				3,249	3,249	
Transfers-Out				(452,718)	(452,718)	
Advances-Out				(496,491)	(646,904)	(150,413)
<b>Total Other Sources (Uses)</b>				<b>1,587,725</b>	<b>1,437,312</b>	<b>(150,413)</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,017)	(1,017)		1,605,944	1,520,953	(84,991)
Beginning Fund Balance	7,039	7,039		2,928,803	2,928,803	
Prior Year Carry Over Encumbrances				183,537	183,537	
<b>Ending Fund Balance</b>	<b>\$ 6,022</b>	<b>\$ 6,022</b>		<b>4,718,284</b>	<b>4,633,293</b>	<b>\$ (84,991)</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Trumbull Career & Technical Center  
Trumbull County  
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings  
All Proprietary Fund Types  
Year Ended June 30, 2000**

	Enterprise Funds
Operating Revenues:	
Tuition	\$ 1,225,300
Food Service	180,166
Classroom Materials & Fees	100,993
Miscellaneous	144,404
Total Operating Revenue	1,650,863
Operating Expenses:	
Personal Services - Salary	1,070,080
Employee Benefits	293,068
Purchased Services	87,704
Supplies and Materials	466,161
Other Expense	9,429
Depreciation	10,401
Total Operating Expense	1,936,843
Operating Loss	(285,980)
Non-Operating Revenues:	
Miscellaneous	2,000
State Unrestricted Grants-In-Aid	272,408
Federal Restricted Grants-in-Aid	64,196
Loss on Disposal of Assets	(737)
Refund of Prior Years' Expenses	1,355
Total Non-Operating Revenue	339,222
Net Income Before Operating Transfers	53,242
Operating Transfers-In	43,984
Net Income	97,226
Beginning Retained Earnings	183,186
Retained Earnings at End of Year	\$ 280,412

See Accompanying Notes to the General Purpose Financial

**Trumbull Career & Technical Center  
Trumbull County  
Combined Statement of Changes in Cash Flows  
All Proprietary Fund Types  
Year Ended June 30, 2000**

	Enterprise Funds
Cash Flows from Operating Activities	
Operating Loss	\$ (285,980)
Adjustment to Reconcile Operating Income To Net Cash used in Operating Activities:	
Depreciation	10,401
Net (Increases) Decreases in Assets:	
Accounts Receivable	(33,968)
Inventory	1,643
Net Increases (Decreases) in Liabilities:	
Interfund Payable	17,454
Due to Other Funds	248
Intergovernmental Payable	937
Capital Leases	(3,322)
Accounts Payable	(2,025)
Accrued Salaries and Benefits	18,522
Deferred Revenue	(428)
Compensated Absences	33,362
Net Adjustments	42,824
Net Cash Used in Operating Activities	(243,156)
Cash Flows from Noncapital Financing Activities:	
Transfers from other Funds	43,984
Other Net	3,355
Operating Grants from State Sources	272,408
Operating Grants from Federal Sources	64,196
Net Cash Provided by Noncapital Financing Activities	383,943
Net Increase in Cash & Cash Equivalents	140,787
Cash and Cash Equivalents at Beginning of Year	311,519
Cash and Cash Equivalents at End of Year	\$ 452,306

See Accompanying Notes to General Purpose Financial Statements.

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**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Trumbull Career & Technical Center, (the Center), Trumbull County Joint Vocational School, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant Center accounting policies are described below.

**A. Reporting Entity**

The Center was organized under section 3311.18 of the Ohio Revised Code. The Center is a fiscally independent political subdivision of the State of Ohio. The Center is governed by a fifteen member Board of Education. Board of Education members are appointed from their respective Boards of Education, eleven local school districts: Bloomfield-Mespo Local, Bristol Local, Brookfield Local, Champion Local, Joseph Badger Local, LaBrae Local, Lakeview Local, Liberty Local, Maplewood Local, Mathews Local, Southington Local, and one representative each from Warren City, Girard City, Newton Falls Exempted Village, and Hubbard Exempted Village.

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

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

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the Center (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Center's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Center. Based upon the application of the criteria listed above, there are no component units.

The Center accepts non-tuition students from each of the fifteen member school districts. Each of these districts, however, is a separate political subdivision and acts as its own taxing and budgeting authority. The Center has no ability to impose its will over the operations of these member districts and there is no financial benefit or financial burden relationship as defined by GASB Statement No. 14. Accordingly, the financial statements of the member districts are not included herein.

Management believes the financial statements included in this report represent all of the funds of the Center over which the Board of Education is financially accountable.

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting**

The Center uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

**1. Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

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

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

**Debt Service Funds** - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Capital Projects Funds** - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by the general, proprietary and trust funds).

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Proprietary Fund Types**

Proprietary funds are used to account for the Center's ongoing activities which are similar to those found in the private sector. The following are the proprietary fund types:

**Enterprise Funds** - These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**3. Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the Center in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund types are:

**Expendable Trust Funds** - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

**Agency Funds** - These funds are purely custodial and thus do not involve measurement of results of operations.

**4. Account Groups**

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds (i.e., governmental funds only) because they do not affect expendable available financial resources. The account groups are:

**General Fixed Assets Account Group** - This account group is used to account for all of the Center's fixed assets other than those accounted for in the Proprietary funds.

**General Long-Term Debt Account Group** - This account group is used to account for all of the Center's long-term obligations other than those accounted for in the Proprietary Funds.

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Center has elected, under GASB No. 20, to apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

The modified accrual basis of accounting is followed for the Governmental Fund Types, Expendable Trust and Agency Funds.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when become both measurable and available to finance expenditures of the current period). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the Center is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

The Center reports deferred revenues of governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Center before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable.

**D. Budget and Budgetary Accounting**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget** - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for rate determination.

**Estimated Resources** - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

**Appropriations** - Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the Center. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

**Encumbrances** - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**Lapsing of Appropriations** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**D. Cash and Investments**

Cash received by the Center is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year all investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), repurchase agreements and a federal agency bond.

Investments are reported at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

The Second National Bank Investment (SWEEP) Account is a bank account utilized (by the bank) to account for public monies "swept-into" (transferred) from the General Operating Bank Account and subsequently invested into Repurchase Agreements.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$254,926.

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

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventories**

Inventories of governmental funds are stated at cost, which approximates market, while inventories of proprietary funds are stated at the lower of cost (first-in, first-out) or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Supplies inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed (consumption method). Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds and inventory held for resale in the governmental fund consist of donated food, purchased food, school supplies, and general supplies, and other items held for resale and are expended when used.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required. The Center did not have any prepaid items at June 30, 2000.

**H. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at an estimated historical cost as certified by a professional appraisal company. Donated fixed assets are valued at their estimated fair market value on the date received. The Center follows a policy of not including property and equipment with an acquisition cost of less than \$500.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized (\$500 threshold) and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of 5 to 20 years of the assets.

**I. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants and federal commodities are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Center currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Special Revenue Funds

Education Management Information System

Non-Reimbursable Grants

Special Revenue Funds

Career Development

Teacher Development

Vocational Education - Carl D. Perkins/Displaced Homemakers

Chapter II/Title VI

School-Net Professional Development Grant

Adult Basic Education Grant

School-to-Work Grant

Eisenhower Professional Development Grant

Enterprise Funds

Federal Family Education Loans

Agency Funds

Federal Pell Grant Program

Reimbursable Grants

Capital Projects

Vocational Education Equipment Funds

Enterprise Funds

National School Lunch Program

Government Donated Commodities

Adult Education Reimbursement

Grants and entitlements amounted to approximately 56% of the Center's total revenue during the 2000 fiscal year.

**F. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2000 the Center had \$246,491 in interfund receivables/payables and \$19,068 in due to/from other funds.



**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences**

The Center accounts for compensated absences in accordance with GASB Statement No. 16.

Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments.

To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. To calculate the liability, these accumulations should be reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future should be based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. This method is known as the vesting method.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the Center records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws.

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

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**L. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. The Center currently has no contributed capital.

**M. Long-Term Obligations**

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities for proprietary fund operations are accounted for in those funds.

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after a two-thirds vote of the board of education and receiving approval from the State Superintendent of Public Instruction for the replenishment of the reserve. A fund balance reserve has also been established.

**P. Fund Balance Reserves**

The Center records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations. Unreserved fund balance indicates that portion of fund equity which is available for appropriation. Fund equity reserves are established for inventory, encumbrances, and property tax. The reserve for property tax represents the amount of the property taxes available for advance and recognized as revenue. The Center is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year.

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Estimates**

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

**R. Memorandum Only - Total Columns**

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis), for all Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Expendable Trust Fund</b>					
	Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$ 1,253,397	145,523	3	468,383	\$ (1,016)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(21,601)	(24,572)	0	0	0
Due to Expenditures:					
Net Adjustments to Expenditure Accruals	(64,420)	(118,221)	0	(95,536)	(1)
Due to Other Uses	249,424	(20,410)	0	(250,000)	0
Budget Basis	<u>\$ 1,416,800</u>	<u>(17,680)</u>	<u>3</u>	<u>122,847</u>	<u>\$ (1,017)</u>

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. CASH AND INVESTMENTS**

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

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

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

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

Monies held by the Center which are not considered active are classified as inactive. Inactive 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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. CASH AND INVESTMENTS (Continued)**

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

**Deposits:** At year-end, the carrying amount of the Center's deposits was \$2,008,447, which included a \$500 Board of Education Petty Cash Change Fund and \$2,023,584 in Certificates of Deposit. The bank balance was \$2,135,396, of which \$169,501 was covered by Federal Depository Insurance Corporation. \$1,923,584 was collateralized by a pool, and \$42,311 was uncollateralized. The bank balance is comprised of a general operating checking bank account, a PELL checking bank account, a payroll clearing checking and SWEEP bank accounts, and certificates of deposit.

**Investments:** Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the Center. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart or by its trust department, but not in the Center's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Category 3	Reported Amount	Fair Value
Repurchase Agreements (SWEEP)	\$ 0	\$ 145,534	\$ 145,534	\$ 145,534
Federal Agency Bonds	500,090		500,090	500,090
STAR Ohio			2,801,491	2,801,491
<b>Total Investments</b>	<b>\$ 500,090</b>	<b>\$ 145,534</b>	<b>\$3,447,115</b>	<b>\$ 3,447,115</b>

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. CASH AND INVESTMENTS (Continued)**

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 4,955,472	\$ 500,090
Investments:		
Repurchase Agreements (SWEEP)	(145,534)	145,534
STAR Ohio	(2,801,491)	2,801,491
GASB Statement No. 3	\$ 2,008,447	\$ 3,447,115

**4. PROPERTY TAXES**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Center. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year.

Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Center receives property taxes from Trumbull County. Tax settlements are made each February and August for real property taxes and each June and October for personal property taxes.

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**4. PROPERTY TAXES (Continued)**

The full tax rate for the fiscal year ended June 30, 2000, was \$2.40 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 2000 taxes were collected were as follows:

Real Property - Commercial/Industrial	\$ 307,471,540
Real Property - Residential/Agriculture	1,433,088,940
Real Property - Public Utilities	870,740
Personal Property - General	284,664,797
Personal Property - Public Utilities	139,454,010
Total Assessed Value	<u>\$ 2,165,550,027</u>

Uncollectible taxes outstanding, available to the Center within 60 days after fiscal year end are recorded as receivables at June 30. The receivable is offset by a credit to deferred revenue since the receivables represent taxes recorded in advance of year for which they are intended to finance.

**5. RECEIVABLES**

Receivables at June 30, 2000, consisted of taxes, accounts (student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

General Fund:	
Reimbursement/Cobra	<u>\$ 705</u>
Total General Fund	705
Special Revenue Funds:	
School Net	1,000
Title II	813
Adult Basic Education	<u>25,758</u>
Total Special Revenue Funds	<u>27,571</u>
Grand Total	<u>\$ 28,276</u>

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Center's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$171,626, \$169,533 and \$133,359, respectively; 87.9 percent has been contributed for fiscal year 2000 and 100 percent contributed for the fiscal years 1999 and 1998. \$21,817 representing the unpaid contribution for fiscal year 2000, including the surcharge, is recorded as a liability within the respective funds and the general long term debt account group.

**B. State Teachers Retirement System**

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Center is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Center's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$754,152, \$783,841 and \$739,045, respectively; 87 percent has been contributed for fiscal year 2000, and 100 percent for the fiscal years 1999 and 1998. \$97,118 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**C. Social Security**

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, 2000, no members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.



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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**7. POSTEMPLOYMENT BENEFITS**

The Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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.

All STRS benefit recipients and sponsored 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. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the Center, this amount equaled \$430,944 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent from fiscal year 1999. In addition, SERVES 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 2000, the minimum pay has been established at \$12,400.

The surcharge rate 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. For the Center, this amount equaled \$113,272 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**8. INTERFUND TRANSACTIONS**

At June 30, 2000, the Center had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 246,491	\$ 0
Special Revenue Funds	0	130,003
Enterprise Funds	0	116,488
	\$ 246,491	\$ 246,491

Due to/Due from other funds:

	Due From	Due To
General Fund	\$ 0	\$ 18,179
Special Revenue Funds	0	242
Enterprise Funds	0	647
Agency Funds	19,068	0
	\$ 19,068	\$ 19,068

**9. GENERAL LONG-TERM DEBT**

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

A. The following is a description of the Center's long-term debt obligations outstanding as of June 30, 2000:

	Interest Rate	Issue Date	Maturity Date	Outstanding July 1, 1999	Issued in 2000	Retired in 2000	Outstanding June 30, 2000
Energy Conservation Note	5.00%	7/15/99	6/15/13	\$ 0	\$ 1,500,000	\$81,753	\$ 1,418,247

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**9. GENERAL LONG-TERM DEBT (Continued)**

B. The following is a summary of the Center's future annual debt service requirements to maturity for the general obligation debt:

	Principal	Interest	Total
FY-2001	\$ 79,773	69,932	\$ 149,705
FY-2002	83,811	65,894	149,705
FY-2003	88,054	61,651	149,705
FY-2004	92,358	57,347	149,705
FY-2005	97,188	52,517	149,705
FY-2006-2010	564,806	183,720	748,526
FY-2011-2013	412,257	36,859	449,116
<b>Total</b>	<b><u>\$1,418,247</u></b>	<b><u>527,920</u></b>	<b><u>\$ 1,946,167</u></b>

C. A summary of changes in long-term obligations for the year ended June 30, 2000, are as follows:

	Balance			Balance June 30, 2000
	July 1, 1999	Increases	(Decreases)	
Intergovernmental Payable	\$ 10,400	9,071	(10,400)	\$ 9,071
Energy Conservation Notes	0	1,500,000	(81,753)	1,418,247
Compensated Absences	786,921	88,989	0	875,910
<b>Total</b>	<b><u>\$ 797,321</u></b>	<b><u>1,598,060</u></b>	<b><u>(92,153)</u></b>	<b><u>\$ 2,303,228</u></b>

The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the employee is paid. Compensated absences represent severance and vacation liability and will be paid from the fund from which the employee is paid. Additions and deletions of compensated absences are shown net since it is impractical for the Center to determine these amounts separately.

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The Ohio Revised Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$194,899,502 and an unvoted debt margin of \$2,165,550. The Center complied with the Ohio Revised Code dealing with debt limitation margins.

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**10. FIXED ASSETS**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2000:

Furniture and Equipment	\$ 211,763
Less Accumulated Depreciation	(158,802)
Net Fixed Assets	\$ 52,961

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land and Improvements	\$ 474,025	0	0	\$ 474,025
Buildings	8,953,558	0	0	8,953,558
Furniture and Equipment	2,942,570	290,002	80,617	3,151,955
Vehicles	115,888	0	34,705	81,183
Total General Fixed Assets	\$ 12,486,041	290,002	115,322	\$ 12,660,721

**11. CAPITAL LEASES**

The Center is making installment payments for an automated register system for the food service program. This equipment has been capitalized in the proprietary fund. This obligation has an outstanding balance of \$5,299 at June 30, 2000. Payment for the installment purchase obligations as of June 30, 2000, and related interest:

	Year Ending June 30, 2000
FY2001	\$ 4,494
FY2002	2,996
	7,490
Less interest:	(2,191)
Present Value of Minimum Lease Payments	\$ 5,299

**TRUMBULL CAREER & TECHNICAL CENTER  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**12. RISK MANAGEMENT**

**A. General Risk:**

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

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

The Center maintains replacement cost insurance on buildings and contents in the amount of \$22,819,000. The Center maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

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. 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.

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 districts 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 percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

**B. Health Insurance:**

The Center provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000.00 for all certified, classified and administrative staff; the level of coverage for the Superintendent and Treasurer is \$100,000 each.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**12. RISK MANAGEMENT (Continued)**

The Center has elected to provide employee medical/surgical benefits through a consortium of school districts known as the Trumbull County Schools Insurance Consortium Association. The Consortium purchases stop loss coverage of \$125,000.00 through the General American Life Insurance Company, and the pool covers the excess.

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

Dental coverage is provided by Coresource and prescription drug coverage is provided through United Health Care. Premiums for coverage are on a composite basis. The Center also offers a health maintenance plan to its employees through MetLife Insurance Company.

**13. JOINTLY GOVERNED ORGANIZATIONS**

NORTHEAST OHIO MANAGEMENT INFORMATION NETWORK- (NEOMIN) is a jointly governed organization among thirty school districts in Ashtabula and Trumbull Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and two treasurers. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
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**14. SEGMENTS INFORMATION FOR ENTERPRISE FUNDS**

Key financial data for the Center's Enterprise Funds for the year ended June 30, 2000, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Customer Services Rotary Fund	Adult Education Fund	Total
Operating Revenues:	\$ 180,166	100,993	118,167	1,251,537	\$ 1,650,863
Operating Expenses:					
Depreciation	4,712	0	0	5,689	10,401
Other	257,151	80,087	94,161	1,495,043	1,926,442
Total Operating Expenses	<u>261,863</u>	<u>80,087</u>	<u>94,161</u>	<u>1,500,732</u>	<u>1,936,843</u>
Operating Income (Loss)	(81,697)	20,906	24,006	(249,195)	(285,980)
Non Operating Rev. and Exp.					
Operating Grants	46,000	0	0	290,604	336,604
Transfers-In	38,705	0	5,279	0	43,984
Other Revenue	0	0	3,355	0	3,355
Loss on Disposal of Assets	(737)	0	0	0	(737)
Net Income (Loss)	<u>\$ 2,271</u>	<u>20,906</u>	<u>32,640</u>	<u>41,409</u>	<u>\$ 97,226</u>
Net Working Capital	<u>\$ (31,750)</u>	<u>20,875</u>	<u>157,718</u>	<u>80,606</u>	<u>\$ 227,449</u>
Total Assets	<u>\$ 47,043</u>	<u>21,694</u>	<u>163,652</u>	<u>312,702</u>	<u>\$ 545,091</u>
Fixed Asset Disposals	<u>\$ 2,120</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 2,120</u>
Retained Earnings	<u>\$ 9,122</u>	<u>20,876</u>	<u>157,718</u>	<u>92,696</u>	<u>\$ 280,412</u>

**15. 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, 2000. Center management is not aware of any disallowed claims.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
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**16. SCHOOL FUNDING DECISION/SUBSEQUENT EVENT**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this Center. During the fiscal year ended June 30, 2000, the Center received \$4,105,849 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the Center is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.



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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**17. STATUTORY RESERVES**

The Center is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-Aside Cash Balance, July 1, 1999	\$ 0	0	111,737	\$ 111,737
Current Year Set-Aside Requirement	214,138	214,138	71,379	499,655
Amount Set-Aside in Excess of Required Set-Aside-FY2999 BWC Refund	0	0	849	849
<u>Current Year Offsets:</u>				
\$400,000 Transfer from (001) Fund to (003) Fund	0	(214,138)	0	(214,138)
Fund (004) Disbursements from HB 264 Note Proceeds	0	(1,161,125)	0	(1,161,125)
BWC Refund - FY98	0	0	(44,827)	(44,827)
<u>Amount Set-Aside in Excess of Required Set-Aside:</u>				
FY-1999	0	0	(1,587)	(1,587)
FY-2000 (BWC Refund)	0	0	(849)	(849)
Qualifying Disbursements	(241,877)	0	0	(241,877)
Total	<u>\$ (27,739)</u>	<u>(1,161,125)</u>	<u>136,702</u>	<u>\$(1,052,162)</u>
June 30, 2000 Cash Balance Carried Forward to FY2001	<u>\$ (27,739)</u>	<u>\$ (1,161,125)</u>	<u>\$ 136,702</u>	<u>\$(1,052,162)</u>

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

A schedule of the restricted assets at June 30, 2000 follows:

Amount Restricted for Budget Stabilization	<u>\$136,702</u>
Total Restricted Assets	<u>\$136,702</u>

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**18. FUND DEFICITS**

Fund balances at June 30, 2000, included the following individual fund deficits:

Special Revenue Funds:

Career Development	\$	(6,001)
Adult Full Service	\$	(2,746)
Education Management Information	\$	(875)
Vo-Ed Grants - Carl D. Perkins/Displaced Homemaker	\$	(46,696)
Title VI	\$	(2,894)

The Special Revenue Fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficits and provides operating transfers when cash is required, not when accruals occur.

Enterprise Fund:

Customer Service - Power Mechanics	\$	(3,980)
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The Customer Service Fund deficit resulted from an adjustment for Interfund Payables, due to an Advance from the General Fund.

(Note: These funds complied with Ohio State law, which does not permit a cash basis deficit at year end.)

**19. OPERATING TRANSFERS**

The following is a reconciliation of the District's operating transfers during fiscal year 2000. Since Agency funds only report assets and liabilities, agency fund transfers are not included on the operating statements.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$(452,718)
<u>Special Revenue Funds</u>		
Vocational Education Fund	\$734	
EMIS		
<u>Capital Projects Fund</u>		
Permanent Improvement	400,000	
Agency Funds	8,000	
<u>Enterprise Funds</u>		
Uniform School Supplies	5,279	
Food Service	<u>38,705</u>	
Total	<u>\$452,718</u>	<u>\$(452,718)</u>

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$1,770		\$3,497
National School Lunch Program		10.555	40,949		40,949	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>40,949</u>	<u>1,770</u>	<u>40,949</u>	<u>3,497</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>						
<i>Passed Through Ohio Department of Education: Ohio Region XII Private Industry Council:</i>						
Employment Services and Job Training Pilot and Demonstration Programs	HSTW-T700 STW-T900	17.249	6,775 4,375		2,340 4,375	
Total U.S. Department of Labor			<u>11,150</u>		<u>6,715</u>	
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Direct Programs:</i>						
Student Financial Aid Cluster: Federal Family Education Loan Program		84.032	21,050		21,050	
Federal Pell Grant Program		84.063	123,061		123,061	
Total Student Financial Aid Cluster - Direct Programs			<u>144,111</u>		<u>144,111</u>	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education- State Grant Program	AB-S1-99 AB-S1-99C AB-S1-00	84.002	46,152 6,226 33,000		46,152 6,226 33,000	
Total Adult Education -State Grant Program			<u>85,378</u>		<u>85,378</u>	
Vocational Education-Basic Grants to States						
Single Parent/Displaced Homemaker Grant	SP-99-CG SP-OO-CG	84.048	7,322 9,350		7,629 10,000	
Carl D. Perkins (VEPD (Secondary and Adult Grants)	CPII-S99 CPII-S00 CPII-A99 CPII-A00	84.048	66,256 423,460 7,877 53,944		29,559 422,521 615 62,176	
Total Vocational Education - Basic Grants to States			<u>568,209</u>		<u>532,500</u>	
Eisenhower Professional Development State Grants		84.281	610			
Innovative Educational Program Strategies	C2-S1-99C C2-S1-00	84.298	570 1,240 1,810		570 4,134 4,704	
Total U.S. Department of Education			<u>800,118</u>		<u>766,693</u>	
<b>Totals</b>			<u><u>852,217</u></u>	<u><u>1,770</u></u>	<u><u>814,357</u></u>	<u><u>3,497</u></u>

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

**TRUMBULL CAREER & TECHNICAL CENTER  
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2000**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B--FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the Government contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of Trumbull Career & Technical Center as of and for the year ended June 30, 2000, and have issued our report thereon dated February 9, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Trumbull Career & Technical Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Trumbull Career & Technical Center in a separate letter dated February 9, 2001.

Trumbull Career & Technical Center  
Trumbull County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

February 9, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
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Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Trumbull Career & Technical Center with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. Trumbull Career & Technical Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Trumbull Career & Technical Center's management. Our responsibility is to express an opinion on Trumbull Career & Technical Center's compliance based on our audit.

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

In our opinion, Trumbull Career & Technical Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

February 9, 2001



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

**TRUMBULL CAREER & TECHNICAL CENTER**  
**TRUMBULL COUNTY**  
**JUNE 30, 2000**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	84.048 - Vocational Education - Basic Grants to States
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**TRUMBULL CAREER & TECHNICAL CENTER**  
**TRUMBULL COUNTY**  
**JUNE 30, 2000**  
**(Continued)**

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

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



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**TRUMBULL CAREER AND TECHNICAL CENTER**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 27, 2001**