



**Auditor of State
Betty Montgomery**

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

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbiana County Career and Technical Center, Columbiana County, Ohio (the Government), as of and for the year ended June 30, 2005, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2006, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

March 14, 2006

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

The discussion and analysis of the Columbiana County Career and Technical Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- In total, net assets of governmental activities decreased \$136,650 which represents a 1.43% decrease from 2004.
- General revenues accounted for \$5,570,561 in revenue or 73.94% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,963,787 or 26.06% of total revenues of \$7,534,348.
- The Center had \$7,670,998 in expenses related to governmental activities; \$1,963,787 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,570,561 were not adequate to provide for these programs.
- The Center's major governmental funds are the general fund and permanent improvement fund. The general fund had \$5,884,597 in revenues and \$6,085,059 in expenditures and other financing uses. During fiscal year 2005, the general fund's fund balance decreased \$200,462 from \$1,402,330 to \$1,201,868.
- The permanent improvement fund had \$58,195 in revenues. During fiscal year 2005, the permanent improvement fund's fund balance increased from \$847,933 to \$906,128.

Using these Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Reporting the Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Reporting the Center's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

The Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Center as a whole.

The table below provides a summary of the Center's net assets for 2005 and 2004.

	Net Assets	
	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<u>Assets</u>		
Current and other assets	\$ 5,085,776	\$ 5,077,555
Capital assets, net	<u>7,146,576</u>	<u>7,251,547</u>
Total assets	<u>12,232,352</u>	<u>12,329,102</u>
<u>Liabilities</u>		
Current liabilities	2,468,446	2,380,352
Long-term liabilities	<u>328,138</u>	<u>376,332</u>
Total liabilities	<u>2,796,584</u>	<u>2,756,684</u>
<u>Net Assets</u>		
Invested in capital assets	7,146,576	7,251,547
Restricted	920,570	912,864
Unrestricted	<u>1,368,622</u>	<u>1,408,007</u>
Total net assets	<u>\$ 9,435,768</u>	<u>\$ 9,572,418</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the Center's assets exceeded liabilities by \$9,435,768. Of this total, \$1,368,622 is unrestricted in use.

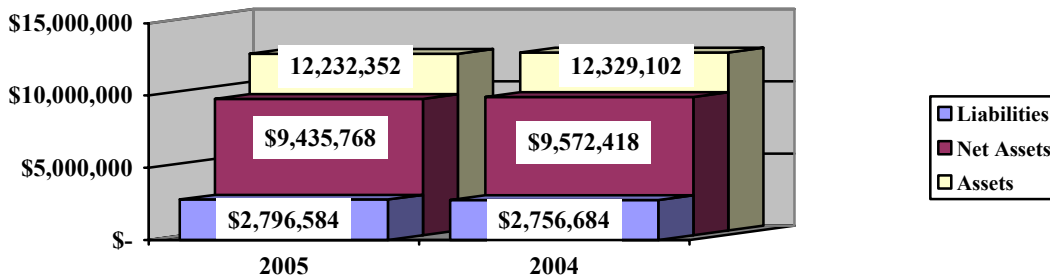
**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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At year-end, capital assets represented 58.42% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The Center had \$7,146,576 invested in capital assets at June 30, 2005. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the Center's net assets, \$920,570, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,368,622 may be used to meet the Center's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal year 2005 and 2004.

Change in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Revenues		
Program revenues:		
Charges for services and sales	\$ 888,983	\$ 789,987
Operating grants and contributions	1,071,134	1,004,010
Capital grants and contributions	3,670	3,670
General revenues:		
Property taxes	1,849,023	1,631,950
Grants and entitlements	3,658,254	3,640,629
Investment earnings	63,284	30,080
Other	-	4,309
Total revenues	<u>7,534,348</u>	<u>7,104,635</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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Change in Net Assets

	<u>Governmental Activities 2005</u>	<u>Governmental Activities 2004</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 720,237	\$ 807,896
Special	247,358	206,698
Vocational	3,630,779	3,287,611
Adult/continuing	111,936	119,296
Support services:		
Pupil	477,750	458,754
Instructional staff	408,231	82,367
Board of education	59,535	135,906
Administration	666,988	641,481
Fiscal	249,365	237,260
Operations and maintenance	706,562	609,413
Pupil transportation	4,733	6,473
Central	71,106	241,810
Operations of non-instructional services:		
Non-instructional services	73,099	43,199
Food service operations	237,035	238,618
Extracurricular activities	<u>6,284</u>	<u>3,560</u>
Total expenses	<u>7,670,998</u>	<u>7,120,342</u>
Change in net assets	(136,650)	(15,707)
Net assets at beginning of year	<u>9,572,418</u>	<u>9,588,125</u>
Net assets at end of year	<u>\$ 9,435,768</u>	<u>\$ 9,572,418</u>

Governmental Activities

Net assets of the Center's governmental activities decreased \$136,650. Total governmental expenses of \$7,670,998 were offset by program revenues of \$1,963,787 and general revenues of \$5,570,561. Program revenues supported 25.60% of the total governmental expenses.

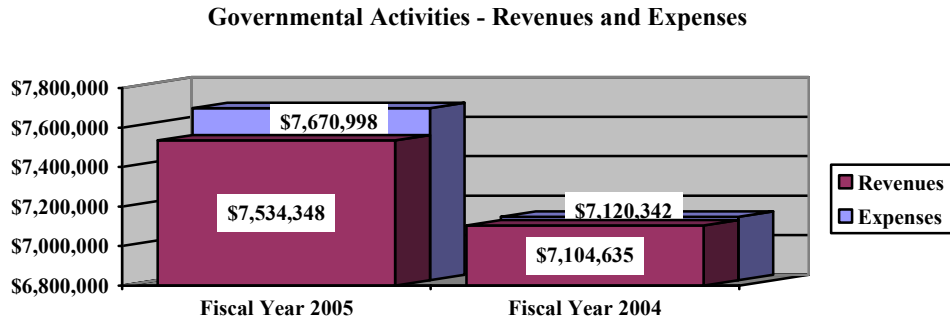
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 74.40% of total governmental revenue.

The largest expense of the Center is for instructional programs. Instruction expenses totaled \$4,710,310 or 61.40% of total governmental expenses for fiscal 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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The graph below presents the Center's governmental activities revenue and expenses for fiscal year 2005 and 2004.



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

Governmental Activities

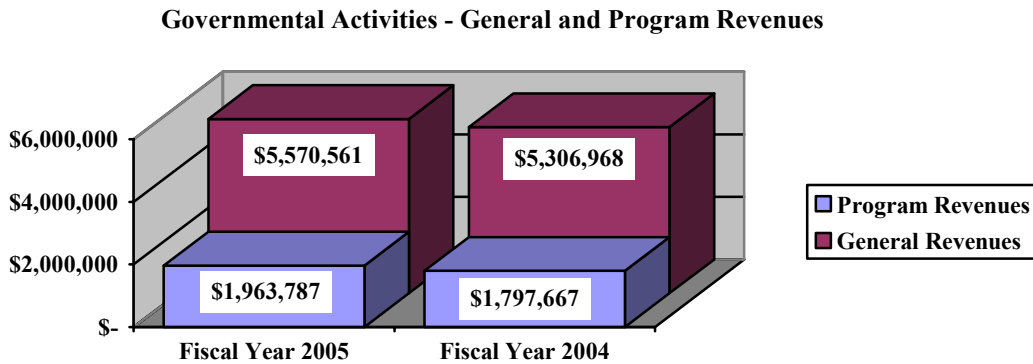
	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Program expenses				
Instruction:				
Regular	\$ 720,237	\$ 318,754	\$ 807,896	\$ 196,953
Special	247,358	247,358	206,698	206,698
Vocational	3,630,779	2,899,291	3,287,611	2,776,696
Adult/continuing	111,936	449	119,296	7,109
Support services:				
Pupil	477,750	110,351	458,754	179,895
Instructional staff	408,231	326,332	82,367	57,912
Board of education	59,535	59,535	135,906	135,906
Administration	666,988	648,735	641,481	598,412
Fiscal	249,365	248,255	237,260	237,260
Operations and maintenance	706,562	697,613	609,413	601,734
Pupil transportation	4,733	4,733	6,473	6,473
Central	71,106	63,106	241,810	233,810
Operations of non-instructional services:				
Non-instructional services	73,099	11,157	43,199	4,204
Food service operations	237,035	65,258	238,618	76,053
Extracurricular activities	6,284	6,284	3,560	3,560
Total expenses	<u>\$ 7,670,998</u>	<u>\$ 5,707,211</u>	<u>\$ 7,120,342</u>	<u>\$ 5,322,675</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

The dependence upon tax and other general revenues for governmental activities is apparent, 73.49% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.35%. The Center's taxpayers, as a whole, are by far the primary support for Career Center's students.

The graph below presents the Center's governmental activities revenue for fiscal year 2005 and 2004.



The Career Center's Funds

The Center's governmental funds reported a combined fund balance of \$2,215,424, which is lower than last year's total of \$2,453,686. The June 30, 2004, fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance <u>June 30, 2005</u>	Restated Fund Balance <u>June 30, 2004</u>	<u>Increase</u>	Percentage <u>Change</u>
General	\$ 1,201,868	\$ 1,402,330	\$ (200,462)	(14.29) %
Permanent Improvement	906,128	847,933	58,195	6.86 %
Other Governmental	<u>107,428</u>	<u>203,423</u>	<u>(95,995)</u>	(47.19) %
Total	<u>\$ 2,215,424</u>	<u>\$ 2,453,686</u>	<u>\$ (238,262)</u>	(9.71) %

General Fund

The Center's general fund balance decreased \$200,462 (after a restatement to the June 30, 2004, fund balance which is detailed in Note 3.A. to the basic financial statements). The decrease in fund balance can be attributed to several items related to increased expenditures. Expenditures exceeded revenues for fiscal year 2005 by \$110,462. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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	2005 <u>Amount</u>	Restated 2004 <u>Amount</u>	Increase (Decrease) <u></u>	Percentage Change <u></u>
<u>Revenues</u>				
Taxes	\$ 1,781,782	\$ 1,674,756	\$ 107,026	6.39 %
Tuition	311,931	294,384	17,547	5.96 %
Intergovernmental	3,658,254	3,640,629	17,625	0.48 %
Classroom Materials and fees	62,176	-	62,176	100%
Other revenues	<u>70,454</u>	<u>86,961</u>	<u>(16,507)</u>	(18.98) %
 Total	 <u>\$ 5,884,597</u>	 <u>\$ 5,696,730</u>	 <u>\$ 187,867</u>	 3.30 %
<u>Expenditures</u>				
Instruction	\$ 3,734,291	\$ 3,401,130	\$ 333,161	9.80 %
Support services	2,076,341	2,006,120	70,221	3.50 %
Non-instructional services	70,817	43,199	27,618	63.93 %
Extracurricular activities	6,284	4,147	2,137	51.53 %
Facilities acquisition and construction	<u>107,326</u>	<u>102,210</u>	<u>5,116</u>	5.01 %
 Total	 <u>\$ 5,995,059</u>	 <u>\$ 5,556,806</u>	 <u>\$ 438,253</u>	 7.89 %

Permanent Improvement Fund

The permanent improvement fund had \$58,195 in revenues. During fiscal year 2005, the permanent improvement fund's fund balance increased from \$847,933 to \$906,128.

General Fund Budgeting Highlights

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

During the course of fiscal 2005, the Center amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$6,003,867 and final budgeted revenues and other financing sources were \$6,005,751. Actual revenues and other financing sources for fiscal 2005 was \$6,008,110. This represents a \$2,359 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$6,432,306 were increased to \$6,436,674 in the final appropriated budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$6,216,989, which was \$219,685 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the Center had \$7,146,576 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2005 balances compared to 2004:

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

	Governmental Activities	
	2005	2004
Land	\$ 152,290	\$ 152,290
Land improvements	44,265	31,372
Building and improvements	6,366,566	6,535,912
Furniture and equipment	575,973	519,758
Vehicles	7,482	12,215
 Total	 \$ 7,146,576	 \$ 7,251,547

The overall decrease in capital assets of \$104,971 is due to depreciation expense of \$346,281 exceeding capital outlays of \$241,310 in the fiscal year.

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

Debt Administration

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Current Financial Related Activities

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

The uncertain future of growth in state funding presents an ongoing challenge for long-range financial planning. The Center has been on the guarantee since 2000 and has received over \$1.8 million in guarantee funding. There has been no increase in state aid for the past six years. The 2000 guarantee has been replaced with transitional aid for the 2006 fiscal year and will provide the same level of state funding for 2006 and 2007. It is uncertain how this transitional aid will be phased out and to what extent the Center will be affected by its elimination.

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

Contacting the Center's Financial Management

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kathy Bosco, Treasurer, Columbiana County Career and Technical Center, 9364 State Route 45, Lisbon, Ohio 44432.

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

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 2,822,470
Cash with fiscal agent	244,103
Receivables:	
Taxes	1,986,317
Accounts	1,243
Intergovernmental.	11,459
Accrued interest.	6,109
Prepayments.	9,329
Materials and supplies inventory	4,746
Capital assets:	
Land	152,290
Depreciable capital assets, net	6,994,286
Total capital assets, net.	7,146,576
Total assets.	12,232,352
Liabilities:	
Accounts payable.	21,376
Accrued wages and benefits	516,222
Pension obligation payable.	71,712
Intergovernmental payable	42,450
Deferred revenue	1,757,759
Claims payable	58,927
Long-term liabilities:	
Due within one year.	54,981
Due within more than one year	273,157
Total liabilities	2,796,584
Net Assets:	
Invested in capital assets	7,146,576
Restricted for:	
Capital projects	912,237
State funded projects	5,387
Federally funded projects	2,946
Unrestricted	1,368,622
Total net assets.	\$ 9,435,768

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					Governmental Activities
Instruction:					
Regular	\$ 720,237	\$ 398,291	\$ 3,192	\$ -	\$ (318,754)
Special	247,358	-	-	-	(247,358)
Vocational	3,630,779	366,159	365,329	-	(2,899,291)
Adult/continuing	111,936	-	111,487	-	(449)
Support services:					
Pupil	477,750	43	367,356	-	(110,351)
Instructional staff	408,231	14	81,885	-	(326,332)
Board of education	59,535	-	-	-	(59,535)
Administration	666,988	768	17,485	-	(648,735)
Fiscal	249,365	692	418	-	(248,255)
Operations and maintenance	706,562	-	5,279	3,670	(697,613)
Pupil transportation	4,733	-	-	-	(4,733)
Central	71,106	-	8,000	-	(63,106)
Operation of non-instructional services:					
Non-instructional services	73,099	61,942	-	-	(11,157)
Food service operations	237,035	61,074	110,703	-	(65,258)
Extracurricular activities	6,284	-	-	-	(6,284)
Total governmental activities	\$ 7,670,998	\$ 888,983	\$ 1,071,134	\$ 3,670	(5,707,211)

General Revenues:

Property taxes levied for:	
General purposes	1,849,023
Grants and entitlements not restricted to specific programs	3,658,254
Investment earnings	63,284
Total general revenues	5,570,561
 Change in net assets	 (136,650)
 Net assets at beginning of year	 9,572,418
Net assets at end of year	\$ 9,435,768

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,787,971	\$ 906,128	\$ 128,371	\$ 2,822,470
Receivables:				
Taxes	1,986,317	-	-	1,986,317
Accounts	95	-	1,148	1,243
Intergovernmental	-	-	11,459	11,459
Accrued interest	-	6,109	-	6,109
Prepayments	9,329	-	-	9,329
Materials and supplies inventory	-	-	4,746	4,746
Total assets	<u>\$ 3,783,712</u>	<u>\$ 912,237</u>	<u>\$ 145,724</u>	<u>\$ 4,841,673</u>
Liabilities:				
Accounts payable	\$ 19,585	\$ -	\$ 1,791	\$ 21,376
Accrued wages and benefits	489,647	-	26,575	516,222
Compensated absences payable	22,085	-	-	22,085
Pension obligation payable	68,769	-	2,943	71,712
Intergovernmental payable	35,463	-	6,987	42,450
Deferred revenue	1,946,295	6,109	-	1,952,404
Total liabilities	<u>2,581,844</u>	<u>6,109</u>	<u>38,296</u>	<u>2,626,249</u>
Fund Balances:				
Reserved for encumbrances	42,650	-	14,764	57,414
Reserved for materials and supplies inventory	-	-	4,746	4,746
Reserved for prepayments	9,329	-	-	9,329
Reserved for property tax unavailable for appropriation	44,147	-	-	44,147
Unreserved, undesignated, reported in:				
General fund	1,105,742	-	-	1,105,742
Special revenue funds	-	-	87,918	87,918
Capital projects funds	-	906,128	-	906,128
Total fund balances	<u>1,201,868</u>	<u>906,128</u>	<u>107,428</u>	<u>2,215,424</u>
Total liabilities and fund balances	<u>\$ 3,783,712</u>	<u>\$ 912,237</u>	<u>\$ 145,724</u>	<u>\$ 4,841,673</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

Total governmental fund balances		\$ 2,215,424
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,146,576
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 188,536	
Accrued interest	6,109	
Total		194,645
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		185,176
Long-term liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(306,053)
Net assets of governmental activities		\$ 9,435,768

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 1,781,782	\$ -	\$ -	\$ 1,781,782
Tuition.	311,931	-	367,442	679,373
Charges for services.	-	-	61,074	61,074
Earnings on investments.	-	54,525	-	54,525
Classroom materials and fees.	62,176	-	29,331	91,507
Other local revenues.	70,454	-	14,721	85,175
Intergovernmental - State.	3,658,254	3,670	315,899	3,977,823
Intergovernmental - Federal	-	-	740,514	740,514
Total revenue	<u>5,884,597</u>	<u>58,195</u>	<u>1,528,981</u>	<u>7,471,773</u>
Expenditures:				
Current:				
Instruction:				
Regular	666,589	-	41,663	708,252
Special.	251,391	-	-	251,391
Vocational.	2,816,311	-	835,350	3,651,661
Adult/continuing education	-	-	111,936	111,936
Support services:				
Pupil.	110,680	-	369,318	479,998
Instructional staff	321,721	-	81,922	403,643
Board of education	59,535	-	-	59,535
Administration.	654,807	-	18,368	673,175
Fiscal	249,266	-	1,222	250,488
Operations and maintenance.	667,766	-	5,300	673,066
Central.	12,566	-	41,280	53,846
Operation of non-instructional services:				
Non-instructional services.	70,817	-	-	70,817
Food service operations	-	-	190,771	190,771
Extracurricular activities.	6,284	-	5,205	11,489
Facilities acquisition and construction	107,326	-	12,641	119,967
Total expenditures	<u>5,995,059</u>	<u>-</u>	<u>1,714,976</u>	<u>7,710,035</u>
Excess of revenues over (under) expenditures	<u>(110,462)</u>	<u>58,195</u>	<u>(185,995)</u>	<u>(238,262)</u>
Other financing sources (uses):				
Transfers in	-	-	90,000	90,000
Transfers (out).	<u>(90,000)</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
Net change in fund balances	(200,462)	58,195	(95,995)	(238,262)
Fund balances				
at beginning of year (restated).	1,402,330	847,933	203,423	2,453,686
Fund balances at end of year.	<u>\$ 1,201,868</u>	<u>\$ 906,128</u>	<u>\$ 107,428</u>	<u>\$ 2,215,424</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds \$ (238,262)

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

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

Capital asset additions	\$ 241,310	
Current year depreciation	<u>(346,281)</u>	
 Total		 (104,971)

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

Delinquent property taxes	67,241	
Accrued interest	6,109	
Accounts receivable	<u>(13,425)</u>	
 Total		 59,925

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. 55,132

Internal service fund for self- insurance is not reported in the expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 91,526

Change in net assets of governmental activities \$ (136,650)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 1,777,850	\$ 1,779,194	\$ 1,779,134	\$ (60)
Tuition	298,291	300,714	298,506	(2,208)
Classroom materials and fees	62,036	57,226	62,081	4,855
Other local revenues	71,084	71,363	71,135	(228)
Intergovernmental - State	3,655,616	3,658,254	3,658,254	-
Total revenue	<u>5,864,877</u>	<u>5,866,751</u>	<u>5,869,110</u>	<u>2,359</u>
Expenditures:				
Current:				
Instruction:				
Regular	681,948	660,483	658,952	1,531
Special	253,499	244,950	244,950	-
Vocational	2,932,735	2,907,894	2,833,833	74,061
Support services:				
Pupil	120,216	120,735	116,162	4,573
Instructional staff	320,109	316,636	309,314	7,322
Board of education	23,810	44,376	23,007	21,369
Administration	684,747	705,078	661,655	43,423
Fiscal	262,072	271,024	253,234	17,790
Operations and maintenance	727,228	732,754	702,703	30,051
Operation of non-instructional services	73,379	80,096	70,904	9,192
Extracurricular activities	6,491	10,000	6,272	3,728
Facilities acquisition and construction	111,072	107,648	107,326	322
Total expenditures	<u>6,197,306</u>	<u>6,201,674</u>	<u>5,988,312</u>	<u>213,362</u>
Excess of revenues over (under) expenditures	<u>(332,429)</u>	<u>(334,923)</u>	<u>(119,202)</u>	<u>215,721</u>
Other financing sources (uses):				
Refund of prior year expenditure	323	323	323	-
Transfers (out)	(90,000)	(90,000)	(90,000)	-
Advances in	138,667	138,677	138,677	-
Advances (out)	(145,000)	(145,000)	(138,677)	6,323
Total other financing sources (uses)	<u>(96,010)</u>	<u>(96,000)</u>	<u>(89,677)</u>	<u>6,323</u>
Net change in fund balance	(428,439)	(430,923)	(208,879)	222,044
Fund balance at beginning of year	1,727,793	1,727,793	1,727,793	-
Prior year encumbrances appropriated	206,674	206,674	206,674	-
Fund balance at end of year	<u>\$ 1,506,028</u>	<u>\$ 1,503,544</u>	<u>\$ 1,725,588</u>	<u>\$ 222,044</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2005

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash with fiscal agent	\$ 244,103
Total assets	<u>244,103</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>58,927</u>
Total liabilities	<u>58,927</u>
Net Assets:	
Unrestricted	<u>185,176</u>
Total net assets	<u><u>\$ 185,176</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Governmental Activities - Internal Service Fund
Operating revenues:	
Sales/charges for services	\$ 814,507
Total operating revenues	<u>814,507</u>
Operating expenses:	
Purchased services.	45,919
Claims	<u>679,712</u>
Total operating expenses.	<u>725,631</u>
Operating income	88,876
Nonoperating revenues:	
Interest revenue	<u>2,650</u>
Total nonoperating revenues.	<u>2,650</u>
Change in net assets	91,526
Net assets at beginning of year.	<u>93,650</u>
Net assets at end of year	<u><u>\$ 185,176</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 814,507
Cash payments for purchased services	(45,919)
Cash payments for claims	<u>(715,227)</u>
Net cash provided by operating activities	<u>53,361</u>
Cash flows from investing activities:	
Interest received.	<u>2,650</u>
Net cash provided by investing activities	<u>2,650</u>
Net increase in cash and cash equivalents	56,011
Cash and cash equivalents at beginning of year . . .	<u>188,092</u>
Cash and cash equivalents at end of year.	<u><u>\$ 244,103</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 88,876
Changes in assets and liabilities: Decrease in claims payable.	<u>(35,515)</u>
Net cash provided by operating activities	<u><u>\$ 53,361</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,301
Total assets.	\$ 4,301
Liabilities:	
Intergovernmental payable	\$ 19
Due to students	4,282
Total liabilities	\$ 4,301

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 1 - DESCRIPTION OF THE CENTER

The Columbiana County Career and Technical Center (the "Center") is organized under section 3311.88 of the Ohio Revised Code. The Center provides vocational education for 9 school districts serving all eligible students throughout 501 square miles of eastern Ohio, including Columbiana and portions of Mahoning, and Jefferson counties. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interests of students. The Center is staffed by 59 certificated employees and 16 non-certificated employees to provide service to approximately 502 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System (ACCESS)

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

INSURANCE PURCHASING POOL

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

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

Other governmental funds of the Center are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

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

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

E. Budgets

The Center is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2005 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Columbiana County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2005.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2005, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

F. Cash and Investments

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

During fiscal year 2005, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The Center has invested funds in STAR Ohio during fiscal 2005. 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, 2005.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the Permanent Improvement capital projects fund. Interest revenue credited to the Permanent Improvement fund during fiscal year 2005 amounted to \$54,525, which includes \$38,154 assigned from other Center funds.

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

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

G. Inventory

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2005, the Center maintained a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Center does not possess infrastructure.

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

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

I. Interfund Balances

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2005, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

M. Net Assets

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

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

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COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

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

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2005, the Center has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Center, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the Center as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Special Revenue</u>	<u>Total</u>
Fund balance at June 30, 2004	\$ 1,408,658	\$ 847,933	\$ 208,943	\$ 2,465,534
Restatement for GASB Tech Bulletin 2004-2	(6,328)	-	(5,520)	(11,848)
Fund balance restated July 1, 2004	\$ 1,402,330	\$ 847,933	\$ 203,423	\$ 2,453,686

B. Deficit Fund Balances

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

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Tech Prep	\$ 207
Adult Basic Education	1,733
Vocational	919

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

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

B. Cash with Fiscal Agent

The District participates in the Columbiana County Insurance Consortium for employee benefits. The bank balance at fiscal year-end for the Employee Benefit Self-Insurance Fund was \$244,103. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

C. Deposits with Financial Institutions

At June 30, 2005, the carrying amount of all Center deposits was \$725,458, exclusive of the \$296,294 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$400,000 of the Center's bank balance of \$547,001 was exposed to custodial risk as discussed below, while \$147,001 was covered by Federal Deposit Insurance Corporation.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

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

<u>Investment Type:</u>	<u>Balance at Fair Value</u>	<u>6 months or less</u>
Repurchase Agreement	\$ 296,294	\$ 296,294
STAR Ohio	<u>2,048,372</u>	<u>2,048,372</u>
	<u>\$ 2,344,666</u>	<u>\$ 2,344,666</u>

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

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

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

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2005:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>% to Total</u>
Repurchase Agreement	\$ 296,294	12.64%
STAR Ohio	<u>2,048,372</u>	<u>87.36%</u>
	<u>\$ 2,344,666</u>	<u>100.00%</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits	\$ 725,458
Investments	2,344,666
Cash on hand	750
Total	\$ 3,070,874
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 3,066,573
Agency funds	4,301
Total	\$ 3,070,874

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 90,000

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Center. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Center prior to June 30.

The Center receives property taxes from Columbiana, Mahoning, Jefferson and Carroll Counties. The County Treasurers collect property taxes on behalf of the Center. The County Auditors periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$44,147 in the general fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2004 was \$37,374 in the general fund.

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

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

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and public utility real estate	\$ 689,102,640	74.06	\$ 749,513,600	75.51
Commercial/Industrial real estate	120,550,620	12.96	133,218,790	13.42
Public utility real estate	56,934,590	6.12	55,935,890	5.64
Tangible personal property	<u>63,858,135</u>	<u>6.86</u>	<u>53,910,508</u>	<u>5.43</u>
Total	<u>\$ 930,445,985</u>	<u>100.00</u>	<u>\$ 992,578,788</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.80		\$ 2.80	

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Taxes	\$ 1,986,317
Accounts	1,243
Intergovernmental	11,459
Accrued Interest	<u>6,109</u>
Total	<u>\$ 2,005,128</u>

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

NOTE 8 - CAPITAL ASSETS

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

	Balance 06/30/04	Additions	Deductions	Balance 06/30/05
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 152,290	\$ -	\$ -	\$ 152,290
Total capital assets, not being depreciated	<u>152,290</u>	<u>-</u>	<u>-</u>	<u>152,290</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	262,212	15,135	-	277,347
Buildings and improvements	7,189,081	64,792	-	7,253,873
Furniture and equipment	1,184,983	161,383	-	1,346,366
Vehicles	<u>109,360</u>	<u>-</u>	<u>-</u>	<u>109,360</u>
Total capital assets, being depreciated	<u>8,745,636</u>	<u>241,310</u>	<u>-</u>	<u>8,986,946</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(230,840)	(2,242)	-	(233,082)
Buildings and improvements	(653,169)	(234,138)	-	(887,307)
Furniture and equipment	(665,225)	(105,168)	-	(770,393)
Vehicles	<u>(97,145)</u>	<u>(4,733)</u>	<u>-</u>	<u>(101,878)</u>
Total accumulated depreciation	<u>(1,646,379)</u>	<u>(346,281)</u>	<u>-</u>	<u>(1,992,660)</u>
Governmental activities capital assets, net	<u>\$ 7,251,547</u>	<u>\$ (104,971)</u>	<u>\$ -</u>	<u>\$ 7,146,576</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 25,930
Vocational	214,849
<u>Support Services:</u>	
Pupil	4,219
Instructional staff	9,799
Administration	13,336
Fiscal	2,109
Operations and maintenance	7,584
Pupil transportation	4,733
Central	15,137
Food service operations	<u>48,585</u>
Total depreciation expense	<u>\$ 346,281</u>

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2005, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/04</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/05</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 376,332	\$ 32,896	\$ (81,090)	\$ 328,138	\$ 54,981
Total long-term obligations, governmental activities	<u>\$ 376,332</u>	<u>\$ 32,896</u>	<u>\$ (81,090)</u>	<u>\$ 328,138</u>	<u>\$ 54,981</u>

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

B. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$89,332,091 and an unvoted debt margin of \$992,579.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 10 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005, the Center's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents - replacement cost	\$ 1,000	\$17,575,100
Boiler	1,000	17,575,100
Inland Marine	100	55,400
EDP Coverage	250	394,200
Garagekeepers	500	120,000
Automobile Liability		1,000,000
General Liability:		
Per occurrence	n/a	1,000,000
Aggregate	n/a	5,000,000
Umbrella Liability:		
Per occurrence	2,500	1,000,000
Aggregate	10,000	4,000,000

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Health Insurance

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The Center is a member of a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Center's behalf. The claims liability of \$58,927 reported in the internal service fund at June 30, 2005, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be reported. Changes in claims activity for the current and previous fiscal year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2005	\$ 94,442	\$ 679,712	\$ (715,227)	\$ 58,927
2004	31,533	772,383	(709,474)	94,442

C. Workers' Compensation

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

NOTE 12 - DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$112,812, \$93,828 and \$82,049, respectively; 100% has been contributed for fiscal year 2005, 2004 and 2003.

B. State Teachers Retirement System

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at www.strsoh.org.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The Center's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$487,654, \$432,553, and \$423,044, respectively; 100% has been contributed for fiscal year 2005, 2004 and 2003. Contributions to the DC and Combined Plans for fiscal 2005 were \$10,001 made by the Center and \$13,240 made by plan members.

C. Social Security System

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

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the Center, this amount equaled \$37,512 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the Center, the amount to fund health care benefits, including surcharge, equaled \$48,456 during the 2005 fiscal year.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ (208,879)
Net adjustment for revenue accruals	15,487
Net adjustment for expenditure accruals	(69,130)
Net adjustment for other sources/uses	(323)
Adjustment for encumbrances	<u>62,383</u>
GAAP basis	<u>\$ (200,462)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The Center is involved in no material litigation as either plaintiff or defendant.

C. State School Funding Decision

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

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

NOTE 16 - STATUTORY RESERVES

The Center is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2004	\$ (450,619)	\$ -
Current year set-aside requirement	77,674	77,674
Qualifying disbursements	<u>(321,726)</u>	<u>(468,936)</u>
Total	<u>\$ (694,671)</u>	<u>\$ (391,262)</u>
Cash balance carried forward to FY 2006	<u>\$ (694,671)</u>	<u>\$ -</u>

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

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

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$3,988		\$3,988
National School Breakfast Program	05-PU-2004 05-PU-2005	10.553	13,698		13,698	
			<u>14,965</u>		<u>14,965</u>	
Total National School Breakfast Program			28,663		28,663	
National School Lunch Program	LL-P4-2004 LL-P4-2005	10.555	26,568		26,568	
			<u>31,247</u>		<u>31,247</u>	
Total National School Lunch Program			57,815		57,815	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>86,478</u>	<u>3,988</u>	<u>86,478</u>	<u>3,988</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	AB-S1-2004 AB-S1-2005	84.002	75,213		75,213	
			<u>120,888</u>		<u>120,888</u>	
Total Adult Education - State Grant Program			196,101		196,101	
Vocational Education - Basic Grant to States	20-A0-2004 20-A0-2005 20-C1-2004 20-C1-2005 20-C2-2004 20-C2-2005	84.048	2,000		2,000	
			18,000		18,000	
			103,848		103,848	
			143,318		143,318	
			33,003		33,003	
			<u>136,191</u>		<u>136,191</u>	
Total Vocational Education - Basic Grants to States			436,360		436,360	
Innovative Educational Program Strategies	C2-S1-2004 C2-S1-2005	84.298	5,170		5,170	
			<u>574</u>		<u>574</u>	
Total Innovative Educational Program Strategies			5,744		5,744	
Title II-A	TR-S1-2004 TR-S1-2005	84.367	5,409		5,409	
			<u>601</u>		<u>601</u>	
Total Title II-A			6,010		6,010	
Drug Free School Grant	DR-S1-2004 DR-S1-2005	84.186	1,387		1,387	
			<u>1,805</u>		<u>1,805</u>	
Total Drug Free School Grant			3,192		3,192	
Federal Pell Grant	N/A	84.063	129,371		129,371	
Total U.S. Department of Education			<u>776,778</u>		<u>776,778</u>	
Total Federal Receipts and Expenditures			<u>\$863,256</u>	<u>\$3,988</u>	<u>\$863,256</u>	<u>\$3,988</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2005**

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Career and Technical Center'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 and local receipts. It is assumed federal monies are expended first.



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbiana County Career and Technical Center, Columbiana County, (the Government) as of and for the year ended June 30, 2005, which collectively comprise the Government's basic financial statements and have issued our report thereon dated March 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Government's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

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

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

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

Betty Montgomery
Auditor of State

March 14, 2006



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Columbiana County Career and Technical Center, Columbiana County, (the Government) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the Government's major federal program. The Government's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Government's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

Betty Montgomery
Auditor of State

March 14, 2006

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

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER
COLUMBIANA COUNTY
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 13, 2006**