

**Coshocton County Career
Center**

Audited Financial Statements

June 30, 2005



**Auditor of State
Betty Montgomery**

Board of Education
Coshocton County Career Center
Coshocton, Ohio

We have reviewed the *Independent Auditor's Report* of the Coshocton County Career Center, Coshocton County, prepared by Rea & Associates, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 24, 2006

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**COSHOCTON COUNTY CAREER CENTER
COSHOCTON COUNTY**

JUNE 30, 2005

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

December 7, 2005

To the Board of Education
Coshocton County Career Center
Coshocton, OH 43812

Independent Auditor's Report

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

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

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

In accordance with *Government Auditing Standards*, we also have issued our report dated December 7, 2005 on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on page 2 through 8 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Rea & Associates, Inc.

Coshocton County Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

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

Financial Highlights

Key financial highlights for 2005 are as follows:

- General revenues accounted for \$3,178,207 in revenue or 86.1 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$511,713 or 13.9 percent of total revenues of \$3,689,920.
- Total program expenses were \$3,756,580.
- In total, net assets decreased \$66,660.
- Outstanding debt decreased from \$504,881 to \$452,688 during 2005.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Coshocton County Career Center as a whole 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 Career Center, presenting both an aggregate view of the Career 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 Career Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Coshocton County Career Center, the general fund is by far the most significant fund.

Coshocton County Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

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

These two statements report the Career Center's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the Career Center as a whole, the *financial position* of the Career 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 Career Center's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

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

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major funds begins on page 11. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's only major governmental fund is the general fund.

Governmental Funds - Most of the Career 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 statements provide a detailed short-term view of the Career 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 financial statements.

Coshocton County Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The Career Center's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 19. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

The Career Center as a Whole

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

Table 1 provides a summary of the Career Center's net assets for 2005 compared to 2004:

(Table 1)
Net Assets
Governmental Activities

	2005	2004
Assets		
Current and Other Assets	\$ 1,734,852	\$ 1,611,960
Capital Assets	1,288,148	1,411,281
<i>Total Assets</i>	<i>3,023,000</i>	<i>3,023,241</i>
Liabilities		
Long-Term Liabilities	649,402	700,327
Other Liabilities	1,856,404	1,739,060
<i>Total Liabilities</i>	<i>2,505,806</i>	<i>2,439,387</i>
Net Assets		
Invested in Capital		
Assets Net of Debt	908,148	983,781
Restricted	86,937	129,380
Unrestricted	(477,891)	(529,307)
<i>Total Net Assets</i>	<i>\$ 517,194</i>	<i>\$ 583,854</i>

Total net assets decreased by \$66,660. A decrease of \$123,133 in total capital assets reflects depreciation exceeding additional purchases. Total liabilities increased by \$66,419, which was primarily a result of an increase in accrued wages and benefits and deferred revenue.

Coshocton County Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 2 shows the changes in net assets for fiscal years 2005 and 2004. The Career Center has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons. This table presents two fiscal years in side-by-side comparison. This will enable the reader to draw further conclusions about the Career Center's financial status and possibly project future problems.

(Table 2)
Change in Net Assets
Governmental Activities

	Governmental Activities 2005	Governmental Activities 2004
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$ 163,992	\$ 141,304
Operating Grants	347,721	189,682
<i>General Revenue</i>		
Property Taxes	1,365,550	1,351,203
Grants and Entitlements	1,783,533	1,963,217
Other	29,124	59,014
<i>Total Revenues</i>	<u>3,689,920</u>	<u>3,704,420</u>
<i>Net Transfers</i>	0	30
<i>Program Expenses</i>		
Instruction	2,257,691	1,952,094
Support Services	1,346,121	1,422,159
Operation of Non-Instructional Services	107,329	112,293
Extracurricular Activities	16,560	14,308
Interest and Fiscal Charges	28,879	18,944
<i>Total Program Expenses</i>	<u>3,756,580</u>	<u>3,519,798</u>
Change in Net Assets	(66,660)	184,652
Net Assets Beginning of Year	<u>583,854</u>	<u>399,202</u>
Net Assets End of Year	<u><u>\$ 517,194</u></u>	<u><u>\$ 583,854</u></u>

Coshocton County Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Governmental Activities

Several revenue sources fund the Career Center's governmental activities with intergovernmental revenue in the form of operating grants and unrestricted grants and entitlements being the largest contributor. Intergovernmental revenue generated \$2,131,254 in 2005. Property tax levies, which generated \$1,365,550, are also a large revenue generator. With the combination of taxes and intergovernmental funding over 93 percent of expenses in governmental activities, the Career Center monitors both of these revenue sources very closely for fluctuations.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 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 entitlements.

(Table 3)
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Service 2005	Total Cost of Service 2004	Net Cost of Service 2005	Net Cost of Service 2004
Instruction	\$ 2,257,691	\$ 1,952,094	\$ (1,898,831)	\$ (1,794,498)
Support Services:				
Pupil and Instructional Staff	423,678	440,356	(394,917)	(355,246)
Board of Education, Administration				
Fiscal, Business and Central	526,899	521,761	(511,204)	(495,902)
Operation and Maintenance of Plant	395,411	452,204	(392,201)	(449,195)
Pupil Transportation	133	7,838	(133)	(5,180)
Operation of Non-Instructional Services	107,329	112,293	(2,142)	(55,626)
Extracurricular Activities	16,560	14,308	(16,560)	(14,221)
Interest and Fiscal Charges	28,879	18,944	(28,879)	(18,944)
Total	<u>\$ 3,756,580</u>	<u>\$ 3,519,798</u>	<u>\$ (3,244,867)</u>	<u>\$ (3,188,812)</u>

Instruction and student support services comprise 71.4 percent of governmental program expenses. Other support services such as board of education, administration, fiscal, business and central were 14 percent of governmental program expenses. Fiscal expenses include payments to the County Auditor for administrative fees and other administrative services provided to the Career Center. Interest and fiscal charges were .8 percent. Interest expense was attributable to the outstanding bonds. Pupil transportation and the operation and maintenance of facilities accounts for 10.5 percent of governmental program expenses. Operation of non-instructional services, consisting primarily of food service operations, comprises 2.8 percent of governmental program expenses. Extracurricular activities comprise .5 percent of total expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Coshocton County Career Center students.

Coshocton County Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The Career Center's Funds

Information about the Career Center's major funds starts on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,635,781 and expenditures of \$3,922,333. The net change in governmental fund balance for the year totaled \$(286,552).

General Fund Budgeting Highlights

The Career 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.

For the general fund, the final budget basis revenue was \$3,267,710 representing a \$26,340 decrease from the original budget estimate of \$3,294,050. Final appropriations of \$3,245,258 also agrees with the original budget appropriation. However, the Career Center had an additional \$516,973 appropriation that was not reflected in this statement because the board approved the change after the June 30, 2005 deadline. The general fund unencumbered cash balance at the end of the fiscal year was \$5,388.

The Career Center uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the Career Center had \$1,288,148 invested in land, land improvements, buildings and improvements, furniture and equipment. See note 8 for additional details. Table 4 shows fiscal year 2005 balances compared with 2004.

(Table 4)
Capital Assets at June 30
Governmental Activities

	2005	2004	
Land	\$ 28,429	\$ 28,429	
Land improvements	3,103	3,333	
Buildings and improvements	1,181,436	1,280,046	
Furniture and Equipment	75,180	99,473	
Totals	\$ 1,288,148	\$ 1,411,281	

All capital assets, except land and construction in progress, are reported net of depreciation. The \$123,133 decrease in capital assets was attributable to depreciation expense exceeding additional purchases.

Coshocton County Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Senate Bill 345 requires the Career Center to set aside \$151.74 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and materials related to instruction and the other for capital outlay. For fiscal year 2005, this amounted to \$38,278 for each set aside. The Career Center has qualifying disbursements or offsets exceeding these requirements for both set asides.

Debt

At June 30, 2005, the Career Center had \$452,688 in outstanding debt with \$54,229 due within one year. See note 14 for additional details. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt, at June 30

	<u>2005</u>	<u>2004</u>
Installment Loan	\$ 72,688	\$ 77,381
H.B. 264 Loan	<u>380,000</u>	<u>427,500</u>
Total	<u>\$ 452,688</u>	<u>\$ 504,881</u>

Current Issues

The Career Center anticipates a slow, steady growth in enrollment, as has happened during the last three years. The Career Center is continually investigating new vocational programs to offer. As labor market information becomes available and future trends are analyzed, the Coshocton Career Center offers newer, cutting edge programs to benefit students, thus increasing enrollment and generating increased foundation funding for the Career Center.

The Career Center began a new Natural Resources Program during fiscal year 2005. The last new program, which started in September of 1999, Health Careers, now has over 40 students enrolled.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brenda Neff, Treasurer of Coshocton County Career Center, 23640 Township Rd 202, Coshocton, OH 43812.

Coshocton County Career Center

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 176,534
Cash and Cash Equivalents With Fiscal Agents	50,099
Receivables:	
Taxes	1,368,626
Accounts	2,240
Intergovernmental	124,019
Inventory Held For Resale	3,449
Materials and Supplies Inventory	9,885
Nondepreciable Capital Assets	28,429
Depreciable Capital Assets, Net	<u>1,259,719</u>
<i>Total Assets</i>	<u>3,023,000</u>
Liabilities	
Accounts Payable	6,064
Accrued Wages and Benefits	388,101
Intergovernmental Payable	56,460
Unearned Revenue	1,238,332
Accrued Vacation Leave Payable	7,045
Matured Compensated Absences Payable	19,010
Accrued Interest Payable	5,414
Claims Payable	135,978
Long Term Liabilities:	
Due Within One Year	54,229
Due in More Than One Year	<u>595,173</u>
<i>Total Liabilities</i>	<u>2,505,806</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	908,148
Restricted for:	
Capital Projects	9,454
Other Purposes	77,483
Unrestricted	<u>(477,891)</u>
<i>Total Net Assets</i>	<u>\$ 517,194</u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Revenue and Changes in Net Assets
		Operating Grants and Contributions	Total
Governmental Activities			
Instruction:			
Regular	\$ 579,327	\$ 38,882	\$ 0
Special	64,318	0	234,096
Vocational	1,614,046	51,053	34,829
Support Services:			
Pupils	162,925	0	1,087
Instructional Staff	260,753	10,848	16,826
Board of Education	40,682	0	0
Administration	237,166	0	0
Fiscal	190,055	10,695	5,000
Business	58,001	0	0
Operation and Maintenance of Plant	395,411	2,800	410
Pupil Transportation	133	0	0
Central	995	0	0
Operation of Non-Instructional Services:			
Food Service Operations	106,112	49,714	55,473
Community Services	1,217	0	0
Extracurricular Activities	16,560	0	0
Interest and Fiscal Charges	28,879	0	0
<i>Total Governmental Activities</i>	<u>\$ 3,756,580</u>	<u>\$ 163,992</u>	<u>\$ 347,721</u>
General Revenues			
Property Taxes Levied for:			
General Purposes			1,300,067
Debt Service			65,483
Grants and Entitlements not Restricted to Specific Programs			1,783,533
Investment Earnings			11,855
Miscellaneous			17,269
<i>Total General Revenues</i>			<u>3,178,207</u>
<i>Change in Net Assets</i>			(66,660)
<i>Net Assets Beginning of Year</i>			<u>583,854</u>
<i>Net Assets End of Year</i>			<u>\$ 517,194</u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Balance Sheet
Governmental Funds
June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 38,508	\$ 138,026	\$ 176,534
Receivables:			
Taxes	1,303,381	65,245	1,368,626
Accounts	2,240	0	2,240
Interfund	276,915	1,087	278,002
Intergovernmental	0	124,019	124,019
Inventory Held For Resale	0	3,449	3,449
Materials and Supplies Inventory	9,885	0	9,885
Advances to Other Funds	186,416	0	186,416
<i>Total Assets</i>	<u>\$ 1,817,345</u>	<u>\$ 331,826</u>	<u>\$ 2,149,171</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 5,514	\$ 550	\$ 6,064
Accrued Wages and Benefits	367,995	20,106	388,101
Matured Compensated Absences Payable	19,010	0	19,010
Interfund Payable	0	106,722	106,722
Intergovernmental Payable	47,969	8,491	56,460
Advances from Other Funds	0	186,416	186,416
Deferred Revenue	1,244,130	181,299	1,425,429
<i>Total Liabilities</i>	<u>1,684,618</u>	<u>503,584</u>	<u>2,188,202</u>
Fund Balances			
Reserved for Encumbrances	27,783	5,239	33,022
Reserved for Inventory	9,885	3,449	13,334
Reserved for Property Taxes	59,251	2,966	62,217
Undesignated, Unreserved Reported in:			
General Fund	35,808	0	35,808
Special Revenue Funds	0	(256,530)	(256,530)
Debt Service Fund	0	63,664	63,664
Capital Projects Funds	0	9,454	9,454
<i>Total Fund Balances</i>	<u>132,727</u>	<u>(171,758)</u>	<u>(39,031)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,817,345</u>	<u>\$ 331,826</u>	<u>\$ 2,149,171</u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2005*

Total Governmental Fund Balances		\$ (39,031)
 <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.		1,288,148
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 119,020	
Delinquent Property Taxes	<u>68,077</u>	
Total		187,097
An internal service fund is 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 in the statement of net assets.		(257,159)
In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds, and interest expenditure is reported when due.		(5,414)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
H.B. 264 Loan	(380,000)	
Installment Loan	(72,688)	
Vacation Leave Payable	(7,045)	
Compensated Absences	<u>(196,714)</u>	
Total		<u>(656,447)</u>
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$ 517,194</u></u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 1,298,928	\$ 65,250	\$ 1,364,178
Intergovernmental	1,916,366	200,603	2,116,969
Investment Income	11,854	1	11,855
Tuition and Fees	0	53,562	53,562
Rentals	2,800	0	2,800
Charges for Services	19,034	49,714	68,748
Contributions and Donations	500	1,400	1,900
Miscellaneous	14,981	788	15,769
<i>Total Revenues</i>	<u>3,264,463</u>	<u>371,318</u>	<u>3,635,781</u>
Expenditures			
Current:			
Instruction:			
Regular	583,878	1,329	585,207
Special	0	60,924	60,924
Vocational	1,606,289	66,808	1,673,097
Support Services:			
Pupils	141,564	32,366	173,930
Instructional Staff	218,618	41,839	260,457
Board of Education	40,682	0	40,682
Administration	237,774	16,390	254,164
Fiscal	194,491	5,982	200,473
Business	44,440	0	44,440
Operation and Maintenance of Plant	415,054	1,498	416,552
Pupil Transportation	133	0	133
Central	375	620	995
Operation of Non-Instructional Services:			
Food Service Operations	0	117,844	117,844
Community Services	1,217	0	1,217
Extracurricular Activities	16,560	0	16,560
Debt Service:			
Principal Retirement	4,693	47,500	52,193
Interest and Fiscal Charges	5,307	18,158	23,465
<i>Total Expenditures</i>	<u>3,511,075</u>	<u>411,258</u>	<u>3,922,333</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(246,612)</u>	<u>(39,940)</u>	<u>(286,552)</u>
Other Financing Sources (Uses)			
Transfers In	105,283	0	105,283
Transfers Out	0	(105,283)	(105,283)
<i>Total Financing Sources and (Uses)</i>	<u>105,283</u>	<u>(105,283)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(141,329)	(145,223)	(286,552)
<i>Fund Balances (Deficit) Beginning of Year</i>	274,056	(29,631)	244,425
<i>Increase in Reserve for Inventory</i>	<u>0</u>	<u>3,096</u>	<u>3,096</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 132,727</u>	<u>\$ (171,758)</u>	<u>\$ (39,031)</u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds \$ (286,552)

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

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

Capital Asset Additions	\$ 8,116	
Current Year Depreciation	(112,937)	
Total		(104,821)

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

(18,312)

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

Grants	52,767	
Delinquent Property Taxes	1,372	
Total		54,139

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

H.B. 264 Loan	47,500	
Installment Loan	4,693	
Total		52,193

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds, and interest expenditure is reported when due.

(5,414)

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

Accrued Vacation Payable	(7,045)	
Compensated Absences	(1,268)	
Pension Obligations	7,603	
Change in Inventory	3,096	
Total		2,386

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

239,721

Change in Net Assets of Governmental Activities

(66,660)

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
 General Fund
 For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,279,750	\$ 1,279,750	\$ 1,288,661	\$ 8,911
Intergovernmental	1,962,300	1,916,300	1,916,366	66
Investment Income	11,000	11,000	11,854	854
Rentals	2,000	2,000	2,560	560
Charges for Services	0	19,610	19,034	(576)
Contributions and Donations	5,000	5,000	500	(4,500)
Miscellaneous	34,000	34,050	14,730	(19,320)
<i>Total Revenues</i>	<u>3,294,050</u>	<u>3,267,710</u>	<u>3,253,705</u>	<u>(14,005)</u>
Expenditures				
Current:				
Instruction:				
Regular	500,495	500,495	559,408	(58,913)
Vocational	1,483,384	1,483,384	1,589,940	(106,556)
Support Services:				
Pupils	133,820	133,820	138,487	(4,667)
Instructional Staff	203,518	203,518	217,515	(13,997)
Board of Education	43,100	43,100	44,674	(1,574)
Administration	233,203	233,203	232,088	1,115
Fiscal	147,203	147,203	196,392	(49,189)
Business	41,200	41,200	42,920	(1,720)
Operation and Maintenance of Plant	447,840	447,840	446,642	1,198
Pupil Transportation	8,625	8,625	4,027	4,598
Central	700	700	375	325
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,216	(1,216)
Extracurricular Activities	2,170	2,170	16,417	(14,247)
<i>Total Expenditures</i>	<u>3,245,258</u>	<u>3,245,258</u>	<u>3,490,101</u>	<u>(244,843)</u>
<i>Excess of Revenues Under Expenditures</i>	48,792	22,452	(236,396)	(258,848)
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	5,000	5,000	5,178	178
Advances In	250,000	382,211	382,211	0
Advances Out	0	0	(276,915)	(276,915)
Transfers In	0	0	75	75
Transfers Out	0	0	(1,000)	(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>255,000</u>	<u>387,211</u>	<u>109,549</u>	<u>(277,662)</u>
<i>Net Change in Fund Balance</i>	303,792	409,663	(126,847)	(536,510)
<i>Fund Balance Beginning of Year</i>	87,837	87,837	87,837	0
Prior Year Encumbrances Appropriated	44,398	44,398	44,398	0
<i>Fund Balance End of Year</i>	<u>\$ 436,027</u>	<u>\$ 541,898</u>	<u>\$ 5,388</u>	<u>\$ (536,510)</u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Statement of Fund Net Assets
Proprietary Fund
June 30, 2005

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 50,099</u>
Liabilities	
Interfund Payable	171,280
Claims Payable	<u>135,978</u>
<i>Total Liabilities</i>	<u>307,258</u>
Net Assets	
Unrestricted	<u>\$ (257,159)</u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$ 686,427
Operating Expenses	
Purchased Services	95,647
Claims	351,059
<i>Total Operating Expenses</i>	446,706
<i>Change in Net Assets</i>	239,721
<i>Net Assets (Deficit) Beginning of Year</i>	(496,880)
<i>Net Assets (Deficit) End of Year</i>	\$ (257,159)

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2005

	<u>Governmental Activities - Internal Service Fund</u>
<i>Increase in Cash and Cash Equivalents</i>	
Cash Flows From Operating Activities	
Cash Received from Interfund Services	\$ 686,427
Cash Payments for Goods and Services	(95,647)
Cash Payments for Claims	<u>(344,340)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>246,440</u>
Cash Flows From Non-Capital Financing Activities	
Advances from Other Funds	171,280
Advances to Other Funds	<u>(367,621)</u>
<i>Net Cash Used for Non-Capital Financing Activities</i>	<u>(196,341)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	50,099
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>0</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 50,099</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
<i>Operating Income</i>	\$ 239,721
Adjustments:	
Increase in Claims Payable	<u>6,719</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 246,440</u></u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 9,570
Liabilities	
Accounts Payable	\$ 2,000
Due to Students	7,570
<i>Total Liabilities</i>	<u>\$ 9,570</u>

The accompanying notes are an integral part of the basic financial statements.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Coshocton County Career Center (Career Center) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Career Center is a school district as defined by Section 3311.18 of the Ohio Revised Code. The Career Center operates under a Board of Education, consisting of five members appointed by participating school districts. Average daily membership on October 1, 2005, was 2,924. The Career Center employs 28 certificated and 16 non-certificated employees.

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the basic financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Coshocton County Career Center, this includes general operations, food service and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to, or can otherwise access, the organization's resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. The Career Center has no component units.

The Career Center is involved with Ohio Mid-Eastern Regional Educational Services Association (OME-RESA), which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 15.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applied Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. Following are the more significant of the Career Center's accounting policies.

A. Basis of Presentation

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

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The various funds of the Career Center are grouped into the categories 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 is the Career Center’s major governmental fund:

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

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

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The Career Center's only proprietary fund is an internal service fund.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Career Center on a cost reimbursement basis. The Career Center's internal service fund accounts for the operation of the Career Center's self-insurance program for employee medical benefits.

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 Career Center under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Career Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary funds are agency funds, which account for student advance placement testing and student activities.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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 reconciliations 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 these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Career Center finances and meets the cash flow needs of its internal service fund activity.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

Revenues – Exchange and 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 Career Center, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the Career 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

F. Cash and Investments

To improve cash management, all cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Interest in the pool is presented as "equity in pooled cash and cash equivalents". The Career Center participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the Career Center's central bank account and are reflected in the financial statement as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2005, investments were limited to overnight repurchase agreements and STAROhio.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a4 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$11,854, which includes \$8,177 assigned from other Career Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Career Center are reported as cash equivalents.

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, which means that the costs of inventory items are recorded as expenditures in the governmental funds when consumed.

On fund financial statements, reported inventories are 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 assets.

Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

All capital assets of the Career Center are classified as general capital assets. 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. The Career Center has a capitalization threshold of \$2,500. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Buildings and Improvements	10-50 Years
Furniture and Equipment	5-20 Years
Vehicles	8 Years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. Long-term interfund loans (advances) are classified as “advances from other funds” and “advances to other funds”. These amounts are eliminated in the governmental column of the statement of net assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center’s past experience of making termination payments.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the funds from which the employee who has accumulated unpaid leave is paid.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term 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 from proprietary funds 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 fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists 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 adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include instructional activities and grants.

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

M. Fund Balance Reserves

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

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

N. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

P. 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.

Q. Estimates

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

NOTE 3: ACCOUNTABILITY AND COMPLIANCE

A. Accountability

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

Special Revenue Funds:

Food Service	\$	22,744
Uniform Supplies		5,230
Adult Education		172,290
Career Development		3,331
Enhancements Supplemental		5,542

The deficits in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

B. Compliance

Expenditures exceeded authorized appropriations contrary to Ohio Rev. Code Section 5705.41B.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

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

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

The following table summarizes the adjustments necessary to reconcile GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

Net Change in Fund Balance	
GAAP Basis	\$ (141,329)
Net Adjustments for Revenue Accruals	(110,788)
Advances In	382,211
Net Adjustments for Expenditure Accruals	53,094
Advances Out	(276,915)
Adjustment for Encumbrances	<u>(33,120)</u>
Budget Basis	<u><u>\$ (126,847)</u></u>

NOTE 5: DEPOSITS AND INVESTMENTS

State statues classify monies held by the Career Center into three categories.

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

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those 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.

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 or 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 any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio).
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any 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 noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 5: 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 Career 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.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Career Center's name. During 2005, the Career Center and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent 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 collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center.

At fiscal year-end, the carrying amount of the Career Center's deposits was \$81,529, which includes \$310 cash on hand. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2005, \$15,815 of the Career Center's bank balance of \$115,815 was exposed to custodial risk as discussed above, while \$100,000 was covered by Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The Career Center participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year end for the Employee Benefit Self-Insurance Fund was (\$121,181), which is owed to the Consortium. The Career Center also has \$50,099, representing internal service fund pooled cash and cash equivalents. This entire amount (\$171,280) is reported on the balance sheet as an interfund payable to the general fund (Note 13). 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.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>
STAROhio	<u>\$ 275,855</u>	<u>\$ 275,855</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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 Career Center’s investment policy limits investment portfolio maturities to five years or less for investments with a fixed interest rate, and two years or less for investments with a variable interest rate.

Credit Risk. Standard & Poor’s has assigned STAROhio an AAA rating.

Concentration of Credit Risk. The Career Center places no limit on the amount that may be invested in any one issuer. At June 30, 2005, 100 percent of the Career Center’s investments were in STAROhio.

NOTE 6: PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the Career Center’s fiscal year runs from July through June. First half tax collections are received by the Career 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 District. 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 semiannually, 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.

Coshocton County Career Center
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, 2004, 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-three 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 Career Center prior to June 30.

The Career Center receives property taxes from Coshocton, Guernsey, Licking, Muskingum and Tuscarawas Counties. The County Auditors periodically advance to the Career Center their portions 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 the 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 delayed personal property tax and 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 \$59,251 in the general fund and \$2,966 in the bond retirement debt service fund. The amount available as an advance at June 30, 2004 was \$48,984 in the general fund and \$2,316 in the bond retirement debt service 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		2005 First-Half	
	Collections		Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 360,239,710	59%	\$ 364,336,540	61%
Commercial/Industrial	94,789,750	20%	99,810,530	20%
Tangible Personal Property	167,662,492	19%	164,571,099	18%
Public Utility/Minerals	4,088,760	2%	645,280	1%
Total Assessed Value	\$ 626,780,712	100%	\$ 629,363,449	100%
Tax rate per \$1,000 of assessed value	\$ 2.50		\$ 2.50	

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 7: RECEIVABLES

Receivables at June 30, 2005 consisted of federal grants. The amounts for grants not collected in the available period are recorded as deferred revenue. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, and the current year guarantee of federal funds. All are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Vocational Education	\$ 9,781
V.E.P.D.	105,955
Title V	1,266
Title II	1,314
Rural Education	704
Food Service	4,999
 Total All Funds	 \$ 124,019

NOTE 8: CAPITAL ASSETS

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

	Balance 6/30/2004	Additions	Deletions	Balance 6/30/2005
Governmental Activities				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 28,429	\$ 0	\$ 0	\$ 28,429
 <i>Capital Assets, being depreciated:</i>				
Land Improvements	319,230	0	0	319,230
Building and Improvements	3,604,255	0	(30,521)	3,573,734
Furniture and Equipment	691,838	8,116	(5,895)	694,059
Vehicles	99,441	0	0	99,441
<i>Total Capital Assets, being depreciated</i>	4,714,764	8,116	(36,416)	4,686,464
 <i>Less Accumulated Depreciation:</i>				
Land Improvements	(315,897)	(230)	0	(316,127)
Building and Improvements	(2,324,209)	(80,298)	12,209	(2,392,298)
Furniture and Equipment	(592,365)	(32,409)	5,895	(618,879)
Vehicles	(99,441)	0	0	(99,441)
<i>Total Accumulated Depreciation</i>	(3,331,912)	(112,937) *	18,104	(3,426,745)
<i>Total Capital Assets being depreciated, net</i>	1,382,852	(104,821)	(18,312)	1,259,719
<i>Governmental Activities Capital Assets, Net</i>	\$ 1,411,281	\$ (104,821)	\$ (18,312)	\$ 1,288,148

Coshocton County Career Center
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:

Instruction:	
Regular	\$ 27,291
Vocational	71,133
Support Services:	
Instructional Staff	10,871
Administration	631
Business	2,547
Operation and Maintenance of Plant	50
Operation on Non-Instructional Services:	
Food Service Operations	<u>414</u>
Total Depreciation Expense	<u>\$ 112,937</u>

NOTE 9: RISK MANAGEMENT

A. General Insurance

The Career Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Career Center has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The Career Center's comprehensive property and casualty policy aggregate limit is approximately \$7,158,000. The Career Center's vehicle insurance policy limit is \$2,000,000 with a \$500 collision deductible. All board members, administrators, and employees are covered under a Career Center liability policy. Additionally, the Career Center carries a \$3,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$3,000,000 in aggregate. Settlement claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Fidelity Bond

The board president and superintendent have a \$20,000 position bond. The treasurer is covered under a surety bond in the amount of \$60,000. In addition, the Career Center is covered by an umbrella policy in the amount of \$2,000,000.

C. Workers' Compensation

The Career Center pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The Career Center is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 9: RISK MANAGEMENT (Continued)

D. Employee Health Insurance

The Career Center is self-insured for its medical, visions and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The Career Center is a member of the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool, consisting of fifty members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Career Center's behalf. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. The claims liability at June 30, 2005, was estimated by the third party administrator to be \$135,978. This is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claim liability for 2004 and 2005 are listed below.

		Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2004	\$	194,228	\$ 387,067	\$ 452,036	\$ 129,259
2005		129,259	351,059	344,340	135,978

NOTE 10: OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. All employees earn three days of personal leave per year. This may not be accumulated. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation days must be used within a year, unless Board approval is obtained. Accumulated, unused vacation time is paid to classified employees 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 to a maximum of 303 days for all personnel. Upon completion of ten or more years of service to the School District, state, or other political subdivision, and retirement from the profession, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 74 days for certified employees and 50 days for classified employees.

B. Life Insurance

The Career Center provides life insurance and accidental death and dismemberment insurance to employees through Ohio Mid-Eastern Regional Education Association Health Benefits Plan. Coverage is provided for all certified and classified employees depending on salary, ranging from \$20,000 to \$75,000.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 11: PENSION PLANS

A. School Employees Retirement System

The Career 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$64,094, \$66,753 and \$61,863, respectively. The Career Center has contributed 100 percent for all fiscal years.

B. State Teachers Retirement System

The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 11: PENSION PLANS (Continued)

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

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

The Career Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$230,695, \$206,104 and \$199,339, respectively; 100 percent has been contributed for each fiscal year.

C. Social Security System

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

NOTE 12: POSTEMPLOYMENT BENEFITS

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

All Retirees of the DC or Combined Plans and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount equaled \$16,478 for fiscal year 2005.

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

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 12: POSTEMPLOYMENT BENEFITS (Continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established as \$27,400. For the Career Center, the amount to fund health care benefits, including surcharge, during the 2005 fiscal year equaled \$31,635.

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

NOTE 13: INTERFUND ACTIVITY

A. Interfund Balances

Interfund balances at June 30, 2005, consist of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General	\$ 276,915	\$ 0	\$ 188,416	\$ 0
Other Governmental:				
Trust	1,087	0	0	0
Uniform Supplies	0	1,087	0	5,229
Food Service	0	16,279	0	14,710
Adult Education	0	12,108	0	165,161
Vocational Education				
Enhancements	0	72,737	0	1,316
Career Development	0	4,511	0	0
Proprietary:				
Internal Service Self- Insurance	0	171,280	0	0
	<u>\$ 278,002</u>	<u>\$ 278,002</u>	<u>\$ 188,416</u>	<u>\$ 186,416</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances are expected to be repaid once the anticipated revenues are received.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 13: INTERFUND ACTIVITY (Continued)

B. Interfund Transfers

<u>Transfers To</u>	Transfers From			<u>Total</u>
	Booster Club	A.B.L.E.	V.E.P.D.	
General	\$ 75	\$ 31,125	\$ 74,083	\$ 105,283

The transfers from the A.B.L.E. and V.E.P.D. funds to the general fund were actually repayments for prior years' expenses paid out of the general fund. The transfer from the Booster Club to the general fund was made to provide additional resources for current operations.

NOTE 14: LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during the fiscal year 2005 were as follows:

	Outstanding 6/30/2004	Additions	Deductions	Outstanding 6/30/2005	Due Within One Year
<i>Governmental Activities:</i>					
H.B. 264 Loan, 4.5%, maturing 2013	\$ 427,500	\$ 0	\$ (47,500)	\$ 380,000	\$ 47,500
Installment Loan, 4.5%, maturing 2014	77,381	0	(4,693)	72,688	6,729
Compensated Absences	195,446	2,478	(1,210)	196,714	0
<i>Total General Long-Term Obligations</i>	\$ 700,327	\$ 2,478	\$ (53,403)	\$ 649,402	\$ 54,229

During fiscal year 2003, the Career Center entered into a loan for a House Bill 264 project that consists of various repairs and upgrades to the school building to become more energy efficient. The total amount financed for the project was \$475,000. The loan will be paid from property tax revenue in the bond retirement debt service fund.

In fiscal year 1999, the Career Center entered into an agreement with the Coshocton County Commissioners to amortize \$100,000 worth of water and sewer line tap-in and other fees over a ten-year period. These amortized costs will mature in fiscal year 2014. The present value of \$100,000 over 10 years at an incremental borrowing rate of 4.5 percent amounts to \$77,381. Construction was completed in June 2003 and the first payment was due in fiscal year 2005. The loan will be paid from foundation revenue in the general fund.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 14: LONG-TERM OBLIGATIONS (Continued)

The Career Center's overall legal debt margin was \$56,256,652 with an unvoted debt margin of \$176,675 at June 30, 2005. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2005 are as follows:

Fiscal Year Ending June 30,	H.B. 264 Loan		Installment Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 47,500	\$ 17,100	\$ 6,729	\$ 3,271	\$ 54,229	\$ 20,371
2007	47,500	14,963	7,032	2,968	54,532	17,931
2008	47,500	12,825	7,348	2,652	54,848	15,477
2009	47,500	10,688	7,679	2,321	55,179	13,009
2010	47,500	8,550	8,025	1,975	55,525	10,525
2011-2014	142,500	12,826	35,875	4,124	178,375	16,950
	<u>\$ 380,000</u>	<u>\$ 76,952</u>	<u>\$ 72,688</u>	<u>\$ 17,311</u>	<u>\$ 452,688</u>	<u>\$ 94,263</u>

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Association (OME-RESA) OME-RESA is a jointly governed organization comprised of 52 schools, created as a regional council of governments pursuant to state statute. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member Career Centers. Each of the governments of these Career Centers support OME-RESA based on a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating Career Center and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating Career Centers are located. Financial information can be obtained by contacting the Treasurer at the Jefferson County Education Services Center, which serves as fiscal agent, located in Steubenville, Ohio.

NOTE 16: CONTINGENCIES

A. Grants

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

Coshocton County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 16: CONTINGENCIES (Continued)

B. Litigation

The Career Center is not party to any claims or lawsuits that would have a material effect, if any, on the financial condition of the Career Center.

NOTE 17: SET-ASIDES

The Career Center is required by State Statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years

The following cash basis information describes the changes in the year-end set-aside amounts for textbooks and capital acquisitions. Disclosure of this information is required by State statute.

	Textbooks	Capital Improvements
Set-aside Reserve Balances as of June 30, 2004	\$ 0	\$ 0
Set-aside Carryforward from Prior Year	(421,493)	(396,065)
Current Year Set-aside Requirement	38,278	38,278
Current Year Qualifying Disbursements	(81,549)	(81,489)
Totals	\$ (464,764)	\$ (439,276)
Set-aside Balance Carried Forward to Future Fiscal Years	\$ (464,764)	\$ (396,065)
Set-aside Reserve Balance as of June 30, 2005	\$ 0	\$ 0

The Career Center had qualifying disbursements during the fiscal year that reduced the textbooks and the capital improvements set-aside amounts below zero. This amount may be used to reduce the set-aside requirement of future years. The Career Center also had qualifying disbursements during the year that reduced the capital acquisition set-aside amount below zero. A portion of this amount (\$396,065) may be used to reduce the set-aside requirements for future years.

NOTE 18: 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 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 Career Center is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

December 7, 2005

To the Board of Education
Coshocton County Career Center
Coshocton, OH 43812

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coshocton County Career Center (the "Career Center") as of and for the year ended June 30, 2005, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 7, 2005, which included an explanatory paragraph regarding the accounting change to GASB 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described below. We also noted certain immaterial instances of noncompliance that we have reported to management of the Career Center in a separate letter dated December 7, 2005.

Material Compliance

Ohio Rev. Code §5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Career Center expenditures exceed appropriations in several funds during FY05.

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

Rea & Associates, Inc.



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COSHOCTON COUNTY CAREER CENTER

COSHOCTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2006**