



Mary Taylor, CPA
Auditor of State

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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WASHINGTON COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the years ended June 30, 2007 and 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio, as of June 30, 2007 and 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and ARC Grant Special Revenue Fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2008, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

March 20, 2008

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

The discussion and analysis of the Washington County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2007 are as follows:

- In total, net assets increased \$481,816. Net assets of governmental activities increased \$364,665 as well as net assets of the business-type activity increased \$117,151 from 2006.
- General revenues accounted for \$4,999,035 in revenue or 82% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,081,578 or 18% of total revenues of \$6,080,613.
- Total program expenses were \$7,855,447; \$5,715,948 in governmental activities and \$2,139,499 in the business-type activity.

Using this Annual Financial Report

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

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 non-major funds presented in total in one column.

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the Career Center to provide programs and activities for students, 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 2007?" 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.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the Career Center is divided into two kinds of activities:

Governmental Activities - Most of the Career Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The Career Center's adult education programs are reported as business-type activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major fund begins on page 8. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the General Fund and the ARC Grant Special Revenue 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 fiscal 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 governmental 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.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (adult education); therefore, these statements will essentially match.

The Career Center as a Whole

Recall that 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 2007 compared to 2006.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and Other Assets	\$5,234,708	\$3,899,957	\$1,938,942	\$1,841,800	\$7,173,650	\$5,741,757
Capital Assets, Net	5,879,379	5,441,655	192,793	177,234	6,072,172	5,618,889
<i>Total Assets</i>	<u>11,114,087</u>	<u>9,341,612</u>	<u>2,131,735</u>	<u>2,019,034</u>	<u>13,245,822</u>	<u>11,360,646</u>
Liabilities						
Current and Other Liabilities	2,724,139	2,467,091	92,631	121,453	2,816,770	2,588,544
Long-term Liabilities						
Due Within One Year	102,080	90,476	3,835	0	105,915	90,476
Due in More Than One Year	2,072,207	933,049	83,806	63,269	2,156,013	996,318
<i>Total Liabilities</i>	<u>4,898,426</u>	<u>3,490,616</u>	<u>180,272</u>	<u>184,722</u>	<u>5,078,698</u>	<u>3,675,338</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	4,977,200	4,947,842	180,924	177,234	5,158,124	5,125,076
Restricted	132,567	72,021	0	0	132,567	72,021
Unrestricted	1,105,894	831,133	1,770,539	1,657,078	2,876,433	2,488,211
<i>Total Net Assets</i>	<u>\$6,215,661</u>	<u>\$5,850,996</u>	<u>\$1,951,463</u>	<u>\$1,834,312</u>	<u>\$8,167,124</u>	<u>\$7,685,308</u>

Total assets increased \$1,885,176, with governmental assets increasing \$1,772,475 and business-type assets increasing \$112,701. For governmental activities, cash increased \$434,655. The Career Center also had \$774,031 in cash with fiscal agents that did not exist at the end of fiscal year 2006. Intergovernmental receivables increased \$195,787 due to increases in Carl Perkins and Pell grants and a \$150,000 receivable from the Appalachian Regional Commission. Capital assets increased \$437,724, mainly due to construction in progress for the heating and cooling system upgrade projects. Cash in the business-type activity increased \$266,681, while intergovernmental receivables for tuition decreased \$200,527.

Total liabilities increased \$1,403,360, with governmental liabilities increasing \$1,407,810 and business-type liabilities decreasing only \$4,450. For the governmental funds, accounts and contracts payable increased \$333,465, mainly for the on-going heating and cooling system upgrades. Long-term liabilities increased \$1,150,762, attributable to the lease-purchase for the heating and cooling system upgrades.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2007, compared to changes in net assets for the fiscal year ended June 30, 2006.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues						
Charges for Services	\$159,227	\$182,331	\$1,833,648	\$2,009,983	\$1,992,875	\$2,192,314
Operating Grants, Contributions and Interest	769,351	733,082	422,197	365,463	1,191,548	1,098,545
Capital Grants	153,000	3,000	0	0	153,000	3,000
Total Program Revenues	<u>1,081,578</u>	<u>918,413</u>	<u>2,255,845</u>	<u>2,375,446</u>	<u>3,337,423</u>	<u>3,293,859</u>
General Revenues						
Property Taxes	2,056,652	1,981,882	0	0	2,056,652	1,981,882
Grants and Entitlements	2,753,628	2,697,929	0	0	2,753,628	2,697,929
Payments in Lieu of Taxes	29,801	19,868	0	0	29,801	19,868
Interest	136,277	124,503	0	0	136,277	124,503
Gain on Sale of Capital Assets	0	0	0	1,768	0	1,768
Miscellaneous	22,677	54,950	805	2,562	23,482	57,512
Total General Revenues	<u>4,999,035</u>	<u>4,879,132</u>	<u>805</u>	<u>4,330</u>	<u>4,999,840</u>	<u>4,883,462</u>
Total Revenues	<u>6,080,613</u>	<u>5,797,545</u>	<u>2,256,650</u>	<u>2,379,776</u>	<u>8,337,263</u>	<u>8,177,321</u>
Program Expenses						
Instruction:						
Regular	692,260	713,793	0	0	692,260	713,793
Special	0	16	0	0	0	16
Vocational	2,333,086	2,492,188	0	0	2,333,086	2,492,188
Adult/Continuing	36,321	38,143	0	0	36,321	38,143
Support Services:						
Pupils	335,283	427,526	0	0	335,283	427,526
Instructional Staff	381,962	417,649	0	0	381,962	417,649
Board of Education	18,025	15,409	0	0	18,025	15,409
Administration	521,739	519,375	0	0	521,739	519,375
Fiscal	249,108	251,746	0	0	249,108	251,746
Business	30,717	55,009	0	0	30,717	55,009
Operation and Maintenance of Plant	674,040	755,984	0	0	674,040	755,984
Transportation	92	367	0	0	92	367
Central	233,263	149,562	0	0	233,263	149,562
Operation of Non-Instructional Services:						
Other	71,470	45,856	0	0	71,470	45,856
Food Service Operations	107,962	112,051	0	0	107,962	112,051
Extracurricular Activities	4,909	362	0	0	4,909	362
Interest and Fiscal Charges	25,711	27,895	0	0	25,711	27,895
Adult Education	0	0	2,139,499	2,072,031	2,139,499	2,072,031
Total Expenses	<u>5,715,948</u>	<u>6,022,931</u>	<u>2,139,499</u>	<u>2,072,031</u>	<u>7,855,447</u>	<u>8,094,962</u>
Increase (Decrease) in Net Assets	364,665	(225,386)	117,151	307,745	481,816	82,359
Net Assets Beginning of Year	5,850,996	6,076,382	1,834,312	1,526,567	7,685,308	7,602,949
Net Assets End of Year	<u>\$6,215,661</u>	<u>\$5,850,996</u>	<u>\$1,951,463</u>	<u>\$1,834,312</u>	<u>\$8,167,124</u>	<u>\$7,685,308</u>

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

Governmental Activities

Net assets of the Career Center's governmental activities increased \$364,665 in fiscal year 2007. Total governmental expenses of \$5,715,948 did not exceed the program revenues of \$1,081,578 and general revenues of \$4,999,035.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 79 percent of the total revenue. The remaining 21 percent of revenue is from program revenues, interest, and miscellaneous local sources.

In recent years, the State, in terms of foundation increases, has implemented weighted funding for special education students and career-tech students, and ADM funding. The ADM funding increased 2.067% from fiscal year 2006 to fiscal year 2007 with the Career Center experiencing increased enrollment by 5.9% between fiscal years 2006 and 2007.

Under program expenses for fiscal year 2007, the Career Center eliminated an academic instructor and a clerical position, reclassified one classified staff member, and transferred the Farm Business Analysis Program costs and revenues from the General Fund to the Adult Education Fund, thereby decreasing expenses in various categories.

Program revenues covered 18.9 percent of program expenses overall. The remaining 81.1 percent is supported through tax revenues and other general revenues. In fiscal year 2007, however, expenses totaled 94 percent of revenues, resulting in an increase in net assets of \$364,665.

Business-Type Activity

The business-types activity involves the School's adult education program. This program had revenues of \$2,256,650 and expenses of \$2,139,499 for fiscal year 2007.

Table 3 shows the total cost of services and the net cost of services for fiscal year compared to fiscal year 2006. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Program Expenses				
Instruction:				
Regular	\$692,260	\$713,793	\$690,253	\$713,793
Special	0	16	0	16
Vocational	2,333,086	2,492,188	1,912,608	2,012,222
Adult/Continuing	36,321	38,143	(123,744)	29,633
Support Services:				
Pupils	335,283	427,526	92,696	195,605
Instructional Staff	381,962	417,649	366,390	394,937
Board of Education	18,025	15,409	18,025	15,409
Administration	521,739	519,375	519,829	517,098
Fiscal	249,108	251,746	249,108	251,746
Business	30,717	55,009	30,717	55,009
Operation and Maintenance of Plant	674,040	755,984	674,040	755,984
Transportation	92	367	92	367
Central	233,263	149,562	194,281	114,239
Operation of Non-Instructional Services:				
Other	71,470	45,856	71,470	45,856
Food Service Operations	107,962	112,051	(92,015)	(25,653)
Extracurricular Activities	4,909	362	4,909	362
Interest and Fiscal Charges	25,711	27,895	25,711	27,895
Total	<u>\$5,715,948</u>	<u>\$6,022,931</u>	<u>\$4,634,370</u>	<u>\$5,104,518</u>

As you can see, the reliance upon local tax revenues for governmental activities is crucial. Thirty-six percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 48 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2007, approximately 81 percent of instruction activities were supported through taxes and State subsidies. As you can see from Table 3, the adult/continuing and food service programs are the only self-supporting programs, meaning that no general revenues are necessary to supplement these activities.

The Career Center Funds

The Career Center's governmental funds reported a combined fund balance of \$2,343,553, an increase of \$895,602 from fiscal year 2006. All governmental funds had total revenues of \$5,893,068 and expenditures of \$6,227,065.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

The Career Center's major funds are accounted for using the modified accrual basis of accounting. The General Fund's \$1,049,947 increase in fund balance can be mainly attributed to unspent capital lease proceeds at fiscal year end. The Career Center's other major fund, the ARC Grant Special Revenue Fund, reflects a deficit fund balance of \$150,000 as the fund is waiting for its funding from the federal government at fiscal year end.

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.

During the course of fiscal 2007, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$5,401,430, above final estimates of \$5,376,023. The difference was due in large part to higher than expected tax revenue. Expenditures of \$6,521,599 were lower than final appropriations of \$6,573,630 due to various factors, including closing blanket purchase orders before fiscal year end. Final appropriations were increased \$653,209 from original appropriations due to a large HVAC project undertaken, which caused an increase of \$1.22 million in the capital outlay line item in addition to a \$65,400 increase for computer upgrades. This was offset by large decreases in academic instruction of salaries (\$19,700) and benefits (\$15,500), career-technical areas of salaries (\$67,500), benefits (\$38,000), supplies (\$57,500) and equipment (\$25,350), fiscal services (\$25,000), support area decreases of salaries (\$22,400), benefits (\$74,500), purchased services (\$16,000), and utilities (\$234,500).

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the Career Center had \$6,072,172 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2007 balances compared to 2006.

(Table 4)
Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2007	2006	2007	2006	2007	2006
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Construction in Progress	491,935	0	0	0	491,935	0
Buildings and Improvements	4,011,204	4,051,708	0	0	4,011,204	4,051,708
Furniture and Equipment	1,293,885	1,302,398	181,509	163,689	1,475,394	1,466,087
Vehicles	34,355	39,549	11,284	13,545	45,639	53,094
Totals	<u>\$5,879,379</u>	<u>\$5,441,655</u>	<u>\$192,793</u>	<u>\$177,234</u>	<u>\$6,072,172</u>	<u>\$5,618,889</u>

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Unaudited

During fiscal year 2007, the Career Center installed additional security cameras, replaced the walkie talkie communication system, purchased several computers and upgraded the network, remodeled the administrative office in the DCB Building, and began a large HVAC project from governmental funds. Under the business-type activity, the Career Center purchased miscellaneous operational and testing equipment. See Note 9 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2007, the Career Center had the following debt obligations outstanding:

	Principal Outstanding 6/30/06	Additions	Reductions	Principal Outstanding 6/30/07	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	\$475,000	\$0	\$35,000	\$440,000	\$35,000
Capital Leases	18,813	1,229,498	12,260	1,236,051	67,080
Total Governmental Activities	<u>\$493,813</u>	<u>\$1,229,498</u>	<u>\$47,260</u>	<u>\$1,676,051</u>	<u>\$102,080</u>
Business-Type Activity:					
Capital Leases	<u>\$0</u>	<u>\$12,895</u>	<u>\$1,026</u>	<u>\$11,869</u>	<u>\$3,835</u>

See Note 14 to the basic financial statements for more information on debt.

Challenges and Opportunities

The vision of the Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, the Career Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. The Career Center establishes a relationship with staff, students, parents, and community businesses that allow all learners to reach their full potential.

The mission of the Career Center is to provide career options through technical and academic education in a secure environment, resulting in knowledgeable and skilled individuals who are prepared for future opportunities and productive citizenship.

The Adult Technical Training Department of the Career Center is a state-supported institution. Certificates are awarded to all students satisfactorily completing a program. Adult Vocational Education programs allow students to upgrade themselves in their present job, retrain for a job they may not have worked at for sometime, or prepare for a new career. Students obtain both theoretical knowledge and practical experience through well-equipped laboratories, which provide up-to-date "hands-on" training experiences.

The mission of the Career Center Adult Education Department is to design, develop, and implement training that meets the needs of local business, industry, and individuals. We are dedicated to providing progressive solutions that lead to increased productivity and to enhancing individual employment opportunities and the quality of life in the Mid-Ohio Valley.

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

In order to meet the goals mentioned above, it is imperative that the Career Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

The Career Center has achieved a large measure of financial stability in the past and in fiscal year 2007. Administrators and staff are cognizant of the vulnerability of stability and the Board of Education and administrators continue to closely monitor both revenues and expenses. The Treasurer continues to monitor revenues and expenses to ascertain that actual revenues meet or exceed estimated revenues and actual expenses do not exceed estimates.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 Janine Satterfield, Treasurer at the Washington County Career Center, 21740 SR 676, Marietta, Ohio 45750, or e-mail at wj_satterfi@seovec.org.

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Washington County Career Center, Ohio

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,284,617	\$1,712,224	\$3,996,841
Cash and Cash Equivalents with Fiscal Agents	774,031	0	774,031
Materials and Supplies Inventory	28,926	50,267	79,193
Internal Balances	1,704	(1,704)	0
Intergovernmental Receivable	234,389	21,979	256,368
Prepaid Items	1,140	0	1,140
Accounts Receivable	797	156,176	156,973
Property Taxes Receivable	1,909,104	0	1,909,104
Nondepreciable Capital Assets	539,935	0	539,935
Depreciable Capital Assets, Net	5,339,444	192,793	5,532,237
<i>Total Assets</i>	<u>11,114,087</u>	<u>2,131,735</u>	<u>13,245,822</u>
Liabilities			
Accounts Payable	184,643	28,535	213,178
Contracts Payable	173,560	0	173,560
Accrued Wages and Benefits Payable	385,966	40,832	426,798
Matured Compensated Absences Payable	6,842	0	6,842
Accrued Interest Payable	2,012	0	2,012
Vacation Benefits Payable	29,694	8,736	38,430
Deferred Revenue	1,869,029	0	1,869,029
Matured Interest Payable	159	0	159
Intergovernmental Payable	72,234	14,528	86,762
Long-Term Liabilities:			
Due Within One Year	102,080	3,835	105,915
Due In More Than One Year	2,072,207	83,806	2,156,013
<i>Total Liabilities</i>	<u>4,898,426</u>	<u>180,272</u>	<u>5,078,698</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,977,200	180,924	5,158,124
Restricted for:			
Unclaimed Monies	184	0	184
Capital Improvement Set-aside	60,346	0	60,346
Budget Stabilization	28,932	0	28,932
Other Purposes	43,105	0	43,105
Unrestricted	1,105,894	1,770,539	2,876,433
<i>Total Net Assets</i>	<u>\$6,215,661</u>	<u>\$1,951,463</u>	<u>\$8,167,124</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense)Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants	Governmental Activities	Business-Type Activity	Total
Governmental Activities							
Instruction:							
Regular	\$692,260	\$0	\$2,007	\$0	(\$690,253)	\$0	(\$690,253)
Vocational	2,333,086	97,607	322,871	0	(1,912,608)	0	(1,912,608)
Adult/Continuing	36,321	4,515	5,550	150,000	123,744	0	123,744
Support Services:							
Pupils	335,283	0	242,587	0	(92,696)	0	(92,696)
Instructional Staff	381,962	0	15,572	0	(366,390)	0	(366,390)
Board of Education	18,025	0	0	0	(18,025)	0	(18,025)
Administration	521,739	1,542	368	0	(519,829)	0	(519,829)
Fiscal	249,108	0	0	0	(249,108)	0	(249,108)
Business	30,717	0	0	0	(30,717)	0	(30,717)
Operation and Maintenance of Plant	674,040	0	0	0	(674,040)	0	(674,040)
Transportation	92	0	0	0	(92)	0	(92)
Central	233,263	0	35,982	3,000	(194,281)	0	(194,281)
Operation of Non-Instructional Services:							
Other	71,470	0	0	0	(71,470)	0	(71,470)
Food Service Operations	107,962	55,563	144,414	0	92,015	0	92,015
Extracurricular Activities	4,909	0	0	0	(4,909)	0	(4,909)
Interest and Fiscal Charges	25,711	0	0	0	(25,711)	0	(25,711)
<i>Total Governmental Activities</i>	5,715,948	159,227	769,351	153,000	(4,634,370)	0	(4,634,370)
Business-Type Activity							
Adult Education	2,139,499	1,833,648	422,197	0	0	116,346	116,346
<i>Totals</i>	<u>\$7,855,447</u>	<u>\$1,992,875</u>	<u>\$1,191,548</u>	<u>\$153,000</u>	(4,634,370)	116,346	(4,518,024)
General Revenues							
Property Taxes Levied for General Purposes					2,056,652	0	2,056,652
Grants and Entitlements not Restricted to Specific Programs					2,753,628	0	2,753,628
Payments in Lieu of Taxes					29,801	0	29,801
Interest					136,277	0	136,277
Miscellaneous					22,677	805	23,482
<i>Total General Revenues</i>					<u>4,999,035</u>	<u>805</u>	<u>4,999,840</u>
<i>Change in Net Assets</i>					364,665	117,151	481,816
<i>Net Assets Beginning of Year</i>					<u>5,850,996</u>	<u>1,834,312</u>	<u>7,685,308</u>
<i>Net Assets End of Year</i>					<u>\$6,215,661</u>	<u>\$1,951,463</u>	<u>\$8,167,124</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2007

	General	ARC Grant	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,968,353	\$150,000	\$76,802	\$2,195,155
Cash and Cash Equivalents with Fiscal Agents	0	0	159	159
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	89,462	0	0	89,462
Cash and Cash Equivalents with Fiscal Agents	773,872	0	0	773,872
Receivables:				
Property Taxes	1,909,104	0	0	1,909,104
Accounts	797	0	0	797
Intergovernmental	2,104	150,000	82,285	234,389
Interfund	189,208	0	0	189,208
Prepaid Items	1,140	0	0	1,140
Materials and Supplies Inventory	27,437	0	1,489	28,926
<i>Total Assets</i>	<u>\$4,961,477</u>	<u>\$300,000</u>	<u>\$160,735</u>	<u>\$5,422,212</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$28,078	\$150,000	\$6,565	\$184,643
Contracts Payable	150,580	0	22,980	173,560
Accrued Wages and Benefits Payable	357,257	0	28,709	385,966
Interfund Payable	0	150,000	37,504	187,504
Matured Compensated Absences Payable	6,842	0	0	6,842
Matured Interest Payable	0	0	159	159
Intergovernmental Payable	65,881	0	6,353	72,234
Deferred Revenue	1,878,291	150,000	39,460	2,067,751
<i>Total Liabilities</i>	<u>2,486,929</u>	<u>450,000</u>	<u>141,730</u>	<u>3,078,659</u>
Fund Balances				
Reserved for Encumbrances	889,882	0	232,104	1,121,986
Reserved for Property Taxes	31,963	0	0	31,963
Reserved for Unclaimed Monies	184	0	0	184
Reserved for Capital Improvements	60,346	0	0	60,346
Reserved for Budget Stabilization	28,932	0	0	28,932
Designated for Budget Stabilization	69,251	0	0	69,251
Unreserved, Undesignated, Reported in:				
General Fund	1,393,990	0	0	1,393,990
Special Revenue Funds (Deficit)	0	(150,000)	15,569	(134,431)
Capital Projects Funds (Deficit)	0	0	(228,668)	(228,668)
<i>Total Fund Balances (Deficit)</i>	<u>2,474,548</u>	<u>(150,000)</u>	<u>19,005</u>	<u>2,343,553</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,961,477</u>	<u>\$300,000</u>	<u>\$160,735</u>	<u>\$5,422,212</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2007*

Total Governmental Fund Balances		\$2,343,553
 <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.		5,879,379
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	8,112	
Grants	189,460	
Other	1,150	198,722
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.		(2,012)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(29,694)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Notes Payable	(440,000)	
Capital Leases Payable	(1,236,051)	
Sick Leave Benefits Payable	(498,236)	(2,174,287)
Net Assets of Governmental Activities		\$6,215,661

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	ARC Grant	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$2,053,370	\$0	\$0	\$2,053,370
Intergovernmental	3,076,499	0	404,370	3,480,869
Interest	136,277	0	100	136,377
Tuition and Fees	1,542	0	18,605	20,147
Customer Services	83,517	0	55,563	139,080
Payments in Lieu of Taxes	29,801	0	0	29,801
Miscellaneous	27,725	0	5,699	33,424
<i>Total Revenues</i>	<u>5,408,731</u>	<u>0</u>	<u>484,337</u>	<u>5,893,068</u>
Expenditures				
Current:				
Instruction:				
Regular	679,021	0	1,946	680,967
Vocational	2,204,541	0	10,662	2,215,203
Adult/Continuing	0	150,000	5,428	155,428
Support Services:				
Pupils	122,939	0	211,499	334,438
Instructional Staff	356,757	0	19,048	375,805
Board of Education	18,025	0	0	18,025
Administration	505,089	0	557	505,646
Fiscal	253,634	0	0	253,634
Business	31,081	0	0	31,081
Operation and Maintenance of Plant	652,354	0	0	652,354
Central	189,960	0	49,034	238,994
Operation of Non-Instructional Services	0	0	175,713	175,713
Extracurricular Activities	4,423	0	0	4,423
Capital Outlay	489,279	0	22,980	512,259
Debt Service:				
Principal Retirement	47,260	0	0	47,260
Interest and Fiscal Charges	25,835	0	0	25,835
<i>Total Expenditures</i>	<u>5,580,198</u>	<u>150,000</u>	<u>496,867</u>	<u>6,227,065</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(171,467)</u>	<u>(150,000)</u>	<u>(12,530)</u>	<u>(333,997)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	101	0	0	101
Capital Lease Proceeds	1,229,498	0	0	1,229,498
Transfers In	0	0	8,185	8,185
Transfers Out	(8,185)	0	0	(8,185)
<i>Total Other Financing Sources (Uses)</i>	<u>1,221,414</u>	<u>0</u>	<u>8,185</u>	<u>1,229,599</u>
<i>Net Change in Fund Balances</i>	1,049,947	(150,000)	(4,345)	895,602
<i>Fund Balances Beginning of Year</i>	<u>1,424,601</u>	<u>0</u>	<u>23,350</u>	<u>1,447,951</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$2,474,548</u>	<u>(\$150,000)</u>	<u>\$19,005</u>	<u>\$2,343,553</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds		\$895,602
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
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 capital outlays exceeded depreciation:		
Capital Asset Additions	755,393	
Depreciation Expense	<u>(297,255)</u>	458,138
 Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(20,414)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	189,460	
Other	(5,197)	
Delinquent Taxes	<u>3,282</u>	187,545
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		47,260
 In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		124
 The inception of a capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net assets.		
		(1,229,498)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Benefits Payable	(5,568)	
Sick Leave Benefits Payable	<u>31,476</u>	<u>25,908</u>
 <i>Change in Net Assets of Governmental Activities</i>		 <u><u>\$364,665</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$1,962,954	\$2,025,324	\$2,046,949	\$21,625
Intergovernmental	3,150,141	3,076,499	3,076,499	0
Interest	123,866	130,304	132,782	2,478
Tuition and Fees	1,100	1,100	1,874	774
Customer Services	72,775	87,344	86,794	(550)
Payments in Lieu of Taxes	29,801	29,801	29,801	0
Miscellaneous	44,599	25,651	26,731	1,080
<i>Total Revenues</i>	5,385,236	5,376,023	5,401,430	25,407
Expenditures				
Current:				
Instruction:				
Regular	716,334	686,447	686,356	91
Vocational	2,317,001	2,246,182	2,242,828	3,354
Support Services:				
Pupils	187,581	127,043	126,984	59
Instructional Staff	421,689	361,777	361,745	32
Board of Education	20,347	18,347	18,344	3
Administration	538,197	531,107	530,783	324
Fiscal	258,548	250,634	250,562	72
Business	55,569	32,029	32,024	5
Operation and Maintenance of Plant	1,057,951	734,746	734,178	568
Central	199,264	212,723	212,663	60
Extracurricular Activities	2,000	4,428	4,423	5
Capital Outlay	89,670	1,308,278	1,260,822	47,456
Debt Service:				
Principal	30,000	35,000	35,000	0
Interest	26,270	24,889	24,887	2
<i>Total Expenditures</i>	5,920,421	6,573,630	6,521,599	52,031
<i>Excess of Revenues Under Expenditures</i>	(535,185)	(1,197,607)	(1,120,169)	77,438
Other Financing Sources (Uses)				
Capital Lease Proceeds	0	1,229,498	1,229,498	0
Proceeds from Sale of Capital Assets	65,250	13,430	101	(13,329)
Advances In	0	0	41,567	41,567
Refund of Prior Year Expenditures	1,000	1,345	1,345	0
Advances Out	0	0	(223,504)	(223,504)
Transfers Out	(25,789)	(8,226)	(8,185)	41
<i>Total Other Financing Sources (Uses)</i>	40,461	1,236,047	1,040,822	(195,225)
<i>Net Change in Fund Balance</i>	(494,724)	38,440	(79,347)	(117,787)
<i>Fund Balance Beginning of Year</i>	1,676,178	1,676,178	1,676,178	0
Prior Year Encumbrances Appropriated	125,256	125,256	125,256	0
<i>Fund Balance End of Year</i>	\$1,306,710	\$1,839,874	\$1,722,087	(\$117,787)

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
ARC Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$150,000	\$150,000	\$0	(\$150,000)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	0	0	(150,000)	(150,000)
Other Financing Sources				
Advances In	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>150,000</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fund Net Assets

Enterprise Fund

June 30, 2007

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,712,224
Materials and Supplies Inventory	50,267
Intergovernmental Receivable	21,979
Accounts Receivable	<u>156,176</u>
<i>Total Current Assets</i>	1,940,646
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>192,793</u>
<i>Total Assets</i>	<u>2,133,439</u>
Liabilities	
Current Liabilities:	
Accounts Payable	28,535
Accrued Wages and Benefits Payable	40,832
Vacation Benefits Payable	8,736
Interfund Payable	1,704
Intergovernmental Payable	14,528
Capital Leases Payable	<u>3,835</u>
<i>Total Current Liabilities</i>	<u>98,170</u>
Long-term Liability:	
Capital Leases Payable	8,034
Sick Leave Benefits Payable	<u>75,772</u>
<i>Total Long-term Liabilities</i>	<u>83,806</u>
<i>Total Liabilities</i>	<u>181,976</u>
Net Assets	
Invested in Capital Assets	180,924
Unrestricted	<u>1,770,539</u>
Total Net Assets	<u><u>\$1,951,463</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Revenues,

Expenses and Changes in Fund Net Assets

Enterprise Fund

For the Fiscal Year Ended June 30, 2007

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Operating Revenues	
Tuition	\$1,833,648
Other	805
<i>Total Operating Revenues</i>	<u>1,834,453</u>
Operating Expenses	
Salaries	1,119,131
Fringe Benefits	311,449
Purchased Services	337,931
Materials and Supplies	345,409
Depreciation	25,424
Other	50
<i>Total Operating Expenses</i>	<u>2,139,394</u>
<i>Operating Loss</i>	<u>(304,941)</u>
Non-Operating Revenues (Expenses)	
Interest and Fiscal Charges	(105)
Federal and State Subsidies	422,197
<i>Total Non-Operating Revenues (Expenses)</i>	<u>422,092</u>
<i>Net Change in Net Assets</i>	117,151
<i>Net Assets at Beginning of Year</i>	<u>1,834,312</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,951,463</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2007

	Business-Type Activity
	Adult Education Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$2,012,143
Cash Received from Other Operating Revenues	805
Cash Payments for Other Operating Expenses	(50)
Cash Payments to Suppliers for Goods and Services	(717,280)
Cash Payments for Employee Services	(1,109,901)
Cash Payments for Employee Benefits	(311,474)
	(125,757)
Net Cash Used for Operating Activities	(125,757)
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	421,657
	421,657
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Capital Lease	(1,026)
Interest Paid on Capital Lease	(105)
Payments for Capital Acquisitions	(28,088)
	(29,219)
Net Cash Used for Capital and Related Financing Activities	(29,219)
<i>Net Increase in Cash and Cash Equivalents</i>	266,681
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,445,543
<i>Cash and Cash Equivalents at End of Year</i>	\$1,712,224
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$304,941)
Depreciation	25,424
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(6,781)
Increase in Accounts Receivable	(25,911)
Decrease in Intergovernmental Receivable	201,067
Increase in Interfund Payable	1,704
Decrease in Accounts Payable	(25,582)
Decrease in Accrued Wages and Benefits Payable	(4,888)
Increase in Vacation Benefits Payable	1,615
Increase in Sick Leave Benefits Payable	12,503
Increase in Intergovernmental Payable	33
	33
Net Cash Used for Operating Activities	(\$125,757)
Non-cash transaction:	
During the fiscal year, capital assets were increased as follows:	
Payments for capital acquisitions	\$28,088
Additions resulting from the inception of a capital lease	12,895
	\$40,983

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2007

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$63,701</u>
Liabilities	
Due to Students	<u>\$63,701</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 1 - Description of the Career Center and Reporting Entity

The Washington County Career Center (the Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following elected Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Washington County Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The Career Center exposes students to job training leading to employment upon graduation from high school.

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 20 classified employees and 49 certificated employees who provide services to 398 Washington County juniors and seniors and 1,774 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the Career Center are not misleading. The Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the 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 provide 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 participates in the Southeastern Ohio Voluntary Education Cooperative, the Coalition of Rural and Appalachian Schools, and the South Eastern Ohio Special Education Regional Resource Center, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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 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 applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless those pronouncements conflict with or contradict GASB pronouncements. The Career Center has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the Career Center's accounting policies are described below.

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.

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 stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the financial condition of the governmental and business-type 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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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 fiscal 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 and enterprise 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 fiduciary fund is reported by type.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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 funds of the Career Center are divided into three 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 Career Center's major funds are the General Fund and ARC Grant Fund.

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

ARC Grant Fund This fund accounts for federal money from the Appalachian Regional Commission used for a high voltage electrical substation training lab.

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The Career Center has no internal service funds.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Career Center's only enterprise fund accounts for the operation of the Career Center's adult education program.

Fiduciary Fund Type 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary fund is an agency fund, which accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of 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., expenses) in total net assets.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

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

D. Basis of Accounting

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

Governmental funds use the modified accrual basis of accounting. Differences in the accrual and 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 fiscal year end.

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the 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 nonexchange transactions must also be available before it can be recognized.

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

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Property taxes for which there was an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, are 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 are reported as deferred revenue.

Expenses/Expenditures On the accrual basis, 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. Cash and Cash Equivalents

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

The Career Center's only investment during fiscal year 2007 was the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$136,277, which includes \$68,309 assigned from other Career Center funds.

The Career Center utilizes a financial institution to service payments to the contractors as they come due for their House Bill 264 project. The balance in this account is presented on the balance sheet as "restricted cash and cash equivalents with fiscal agents" and represents deposits.

The Career Center also utilizes a financial institution to service principal and interest payments. The balance in this account is presented on the balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption and donated and purchased food.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Career Center was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of three hundred dollars.

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 asset or materially extend an asset's life are not.

All reported capital assets, except land, land improvements, 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>
Buildings and Improvements	75 - 100 years
Furniture and Equipment	5 - 48 years
Vehicles	5 - 23 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets, except for any net residual amounts due between governmental and the business-type activity. These amounts are presented as "Internal Balances".

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the Career Center for the acquisition or construction of capital assets, the unspent workers' compensation refund monies required to be maintained for budget stabilization, unclaimed monies, and cash held with fiscal agents for payment to the contractors under the Career Center's lease-purchase agreement. See Note 20 for additional information regarding set-asides.

K. 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 Career Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Interfund Activity

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Payments for interfund services provided and used are not eliminated.

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.

N. Fund Balance Reserves/Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved. The reserve for budget stabilization represents money set-aside to protect the Career Center from cyclical changes in revenues and expenditures.

Designations represent tentative plans for future use of financial resources. The Career Center has a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the required reserve for budget stabilization.

O. 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. The government-wide statement of net assets reports \$132,567 of restricted net assets, of which none is restricted by enabling legislation. Net assets restricted for other purposes include the food service program and local, federal, and state grants restricted to expenditure for specified purposes.

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

P. 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 adult education programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Q. Extraordinary and Special Item

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.

R. 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.

S. Budgetary Process

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set 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. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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

The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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.

Note 3 - Fund Deficits

Fund balances at June 30, 2007, included the following individual fund deficits:

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

	<u>Deficit</u>
Special Revenue Funds:	
Food Service	\$3,824
ARC Grant	150,000
Federal Grants	6,380
Capital Projects Fund:	
Permanent Improvement	21,848

The deficit balances resulted from adjustments for accrued liabilities. The General Fund is liable for any deficit in the special revenue funds and will provide operating transfers when cash is required, not when accruals occur.

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 and Actual (Budget Basis) presented for the General Fund and the ARC Special Revenue Grant Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded interest represents amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balance

	General Fund	ARC Grant Fund
GAAP Basis	\$1,049,947	(\$150,000)
Net Adjustment for:		
Revenue Accruals	(2,461)	0
Expenditure Accruals	154,452	150,000
Unreported Interest:		
Beginning of Fiscal Year	10,228	0
End of Fiscal Year	(13,723)	0
Prepaid Items:		
Beginning of Fiscal Year	1,164	0
End of Fiscal Year	(1,140)	0
Advances In	41,567	150,000
Advances Out	(223,504)	0
Encumbrances	(1,095,877)	(150,000)
Total All Funds	<u>(\$79,347)</u>	<u>\$0</u>

Note 5 - Deposits and Investments

Monies held by the Career Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Career Center treasury. Active 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.

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

Interim monies held by the Career Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in Division (1) or (2) of Ohio Rev. Code Section 135.18;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,575,816 of the Career Center's bank balance of \$4,875,816 was exposed to custodial credit risk because it was uninsured and uncollateralized. Non-compliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC. Contrary to Ohio Revised Code Section 135.18(A), the Career Center's deposits exceeded the coverage provided by the FDIC and pledged collateral. At June 30, 2007, deposits exceeded FDIC coverage and pledged collateral by \$824,439.

The Career Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2007, the Career Center had an investment in STAROhio. The fair value of this investment was \$4,575 with an average maturity of 38.56 days.

Credit Risk STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Career Center has no investment policy addressing credit risk.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the Career Center 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 Career Center. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property tax) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value listed as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. 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 Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2007, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. 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 is deferred. The amount available as an advance at June 30, 2007, was \$31,963 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2006, was \$25,542.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$869,064,240	73.01%	\$856,771,030	78.03%
Public Utility Personal	164,807,200	13.85%	132,462,040	12.06%
Tangible Personal Property	156,417,280	13.14%	108,839,970	9.91%
Total	\$1,190,288,720	100.00%	\$1,098,073,040	100.00%
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

Note 7 - Interfund Activity

A. Transfers

The General Fund transferred \$8,185 to the State Grants Special Revenue Fund during fiscal year 2007. The transfer was to cover additional expenditures of the program not covered by the grant dollars.

B. Balances

Interfund balances at June 30, 2007, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the special revenue funds for \$187,504. The General Fund receivable from the Adult Education Enterprise Fund is for services rendered.

	Receivables	Payables
General	\$189,208	\$0
Special Revenue Funds:		
State Grants	0	6,289
ARC Grant	0	150,000
Federal Grants	0	31,215
Total Special Revenue Funds	0	187,504
Enterprise Fund:		
Adult Education	0	1,704
Total All Funds	\$189,208	\$189,208

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 8 - Receivables

Receivables at June 30, 2007, consisted of property taxes, accounts (rent, billings for user charged services, and tuition), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$8,112 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Services Reimbursement	\$798
Miscellaneous	1,306
Career Technical and Adult Education	3,337
Carl Perkins	49,230
Appalachian Regional Commission	150,000
High School That Work	6,278
Pell Grants	<u>23,440</u>
Total Governmental Activities	<u>234,389</u>
Business-Type Activity	
Ohio Department of Education	990
Tuition	<u>20,989</u>
Total Business-Type Activity	<u>21,979</u>
Total	<u><u>\$256,368</u></u>

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

	Balance 6/30/2006	Additions	Deductions	Balance 6/30/2007
Governmental Activities:				
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$48,000	\$0	\$0	\$48,000
Construction in Progress	0	491,935	0	491,935
Total Capital Assets not being depreciated	<u>48,000</u>	<u>491,935</u>	<u>0</u>	<u>539,935</u>
Depreciable Capital Assets:				
Buildings and Improvements	5,421,527	19,835	0	5,441,362
Furniture and Equipment	2,812,444	243,623	(134,436)	2,921,631
Vehicles	73,503	0	0	73,503
Total Capital Assets being Depreciated	<u>8,307,474</u>	<u>263,458</u>	<u>(134,436)</u>	<u>8,436,496</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,369,819)	(60,339)	0	(1,430,158)
Furniture and Equipment	(1,510,046)	(231,722)	114,022	(1,627,746)
Vehicles	(33,954)	(5,194)	0	(39,148)
Total Accumulated Depreciation	<u>(2,913,819)</u>	<u>(297,255)*</u>	<u>114,022</u>	<u>(3,097,052)</u>
Total Capital Assets being Depreciated, Net	<u>5,393,655</u>	<u>(33,797)</u>	<u>(20,414)</u>	<u>5,339,444</u>
Governmental Activities Capital Assets, Net	<u><u>\$5,441,655</u></u>	<u><u>\$458,138</u></u>	<u><u>(\$20,414)</u></u>	<u><u>\$5,879,379</u></u>
	Balance 6/30/2006	Additions	Deductions	Balance 6/30/2007
Business-Type Activity:				
Capital assets being depreciated				
Vehicles	\$22,610	\$0	\$0	\$22,610
Furniture and Equipment	289,268	40,983	(5,240)	325,011
Total Capital assets being depreciated	<u>311,878</u>	<u>40,983</u>	<u>(5,240)</u>	<u>347,621</u>
Accumulated Depreciation				
Vehicles	(9,065)	(2,261)	0	(11,326)
Furniture and Equipment	(125,579)	(23,163)	5,240	(143,502)
Total Accumulated Depreciation	<u>(134,644)</u>	<u>(25,424)</u>	<u>5,240</u>	<u>(154,828)</u>
Business-Type Activity capital assets, net	<u><u>\$177,234</u></u>	<u><u>\$15,559</u></u>	<u><u>\$0</u></u>	<u><u>\$192,793</u></u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$16,579
Vocational	184,080
Adult/Continuing	35,013
Support Services:	
Pupils	4,631
Instructional Staff	6,567
Administration	12,517
Fiscal	4,544
Business	602
Operation and Maintenance of Plant	20,628
Transportation	92
Central	7,701
Food Service	3,815
Extracurricular Activities	486
Total Depreciation Expense	<u><u>\$297,255</u></u>

Note 10 - Risk Management

A. Property and Liability

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. During fiscal year 2007, the Career Center contracted with the following insurance company for coverage:

Utica National Insurance Company through	
Barengo Insurance Agency:	
Automobile Liability	\$1,000,000
Comprehensive (\$500 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$5,000 deductible)	19,789,400
Boiler and Machinery (\$5,000 deductible)	19,789,400
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Sexual Abuse and Molestation	1,000,000
Medical Expense Limit (Any one Person)	10,000
Employee Benefits Liability:	
Each Offence Limit	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Disease – Each Employee	1,000,000

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Educational Legal Liability (\$5,000 Deductible):	
Errors and Omissions/Aggregate	\$1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

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

B. Workers' Compensation

For fiscal year 2007, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 270 days. Upon retirement, certificated employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 68 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 81 days for employees having fifteen or more years of service.

B. Insurance

The Career Center provides medical/surgical insurance through Anthem Blue Cross Blue Shield for all eligible employees. The Career Center pays between 95 to 100 percent of the cost of individual plans and between 85 and 100 percent of the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

The Career Center pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through Metropolitan Life Insurance, dental coverage is provided through Core Source, and vision insurance is provided through Vision Service Plan.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 43215-3476.

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 Career Center 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 2007, 10.68 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 a statutory maximum amount, by the SERS' Retirement Board. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$71,901, \$70,821, and \$68,277, respectively; 97.19 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

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 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

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, 2007, 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. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. 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, 2007, 2006, and 2005, were \$425,727, \$417,334, and \$388,623, respectively; 90.09 percent has been contributed for fiscal year 2007, and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$5,647 made by the Career Center and \$22,056 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, two members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - 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 STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount equaled \$32,748 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the Career Center, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$32,668.

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 the projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants receiving health care benefits.

Note 14 - Long-Term Obligations

The changes in the Career Center's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/06	Additions	Reductions	Principal Outstanding 6/30/07	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	\$475,000	\$0	\$35,000	\$440,000	\$35,000
Capital Leases	18,813	1,229,498	12,260	1,236,051	67,080
Sick Leave Benefits	529,712	18,926	50,402	498,236	0
Total Governmental Activities	\$1,023,525	\$1,248,424	\$97,662	\$2,174,287	\$102,080
Business-Type Activity:					
Capital Leases	\$0	\$12,895	\$1,026	\$11,869	\$3,835
Sick Leave Benefits	63,269	12,503	0	75,772	0
Total Business-Type Activities	\$63,269	\$25,398	\$1,026	\$87,641	\$3,835

Capital leases will be paid from the General Fund and the Adult Education Enterprise Fund. Sick leave benefits will be paid from the General Fund and the Food Service and Miscellaneous Federal Grants Special Revenue Funds.

In fiscal year 2003, the Career Center issued energy conservation notes for \$615,000. The energy conservation notes will be paid from tax revenues from the General Fund.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

The overall debt margin of the Career Center as of June 30, 2007, was \$98,826,574, with an unvoted debt margin of \$1,098,073. Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2007, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$35,000	\$23,401	\$58,401
2009	35,000	21,914	56,914
2010	40,000	20,320	60,320
2011	40,000	18,290	58,290
2012	40,000	15,930	55,930
2013-2017	<u>250,000</u>	<u>38,645</u>	<u>288,645</u>
Total	<u>\$440,000</u>	<u>\$138,500</u>	<u>\$578,500</u>

Note 15 - Capital Leases – Lessee Disclosure

In the current and prior years, the Career Center has entered into capitalized leases for copiers and duplicators. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2007 were \$12,260 for the governmental activities.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property under Capital Lease	\$528,950	\$12,895
Less Accumulated Depreciation	(20,734)	(645)
Total June 30, 2007	<u>\$508,216</u>	<u>\$12,250</u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2007.

Fiscal Year Ending	Governmental Activities	Business-Type Activities
2008	\$117,623	\$4,524
2009	110,930	4,524
2010	110,930	3,393
2011	110,930	0
2012	110,930	0
2013-2017	554,646	0
2018-2022	554,646	0
Total	1,670,635	12,441
Less: Amount Representing Interest	(434,584)	(572)
Present Value of Net Minimum Lease Payments	<u>\$1,236,051</u>	<u>\$11,869</u>

Note 16 – Contractual Commitments

As of June 30, 2007, the Career Center had contractual purchase commitments for projects in various funds. The amount for each project is as follows:

	Contractual Commitment	Expended	Balance Remaining
General Fund:			
Heating and Cooling Systems Upgrades	\$1,229,498	\$457,955	\$771,543
Security System Upgrade	23,627	0	23,627
Permanent Improvement			
Capital Projects Fund:			
Heating and Cooling Systems Upgrades	229,800	22,980	206,820
Total	<u>\$1,482,925</u>	<u>\$480,935</u>	<u>\$1,001,990</u>

Note 17 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Career Centers. SEOVEC has 30 participants consisting of 26 School Districts and 4 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2007, the Career Center paid \$29,514 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Educational Consortium, at 221 North Columbus Road, Athens, Ohio 45701.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Council. The Career Center's membership fee was \$300 for fiscal year 2007.

C. South Eastern Ohio Special Education Regional Resource Center (SEOSERRC)

SEOSERRC is a special education regional resource center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, and representatives of county boards of MR/DD, Ohio University, and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating Career Center is limited to its representation on the Board. During fiscal year 2007, the Career Center paid \$1,261 to SEOSERRC. Financial information can be obtained by contacting the Treasurer at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Note 18 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Note 19 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2007.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

B. Litigation

The Career Center is currently not a party to any legal proceedings.

Note 20 - 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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2007, this continues to be set aside.

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

	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2006	\$37,350	(\$28,622)	\$28,932
Current Year Set-aside Requirement	63,087	63,087	0
Qualifying Disbursements	(40,091)	(42,608)	0
Total	<u>\$60,346</u>	<u>(\$8,143)</u>	<u>\$28,932</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$60,346</u>	<u>(\$8,143)</u>	<u>\$28,932</u>

The Career Center had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

Note 21 – Subsequent Event

On July 1, 2007, the Career Center entered into a lease-purchase agreement for \$1,225,000 under the Qualified Zone Academy Bond Program. The proceeds will be used for roof replacement.

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Washington County Career Center, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited*

The discussion and analysis of the Washington County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2006 are as follows:

- In total, net assets increased \$82,359. Net assets of governmental activities decreased \$225,386 while net assets of the business-type activity increased \$307,745 from 2005.
- General revenues accounted for \$4,879,132 in revenue or 84% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$918,413 or 16% of total revenues of \$5,797,545.
- Total program expenses were \$8,094,962; \$6,022,931 in governmental activities and \$2,072,031 in the business-type activity.

Using this Annual Financial Report

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

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 non-major funds presented in total in one column.

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the Career Center to provide programs and activities for students, 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 2006?" 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.

Washington County Career Center, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited*

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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the Career Center is divided into two kinds of activities:

Governmental Activities - Most of the Career Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The Career Center's adult education programs are reported as business-type activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major fund begins on page 56. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's 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 fiscal 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 governmental 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.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (adult education); therefore, these statements will essentially match.

The Career Center as a Whole

Recall that 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 2006 compared to 2005.

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
 Unaudited

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$3,899,957	\$4,107,663	\$1,841,800	\$1,506,863	\$5,741,757	\$5,614,526
Capital Assets, Net	5,441,655	5,493,263	177,234	158,297	5,618,889	5,651,560
<i>Total Assets</i>	<u>9,341,612</u>	<u>9,600,926</u>	<u>2,019,034</u>	<u>1,665,160</u>	<u>11,360,646</u>	<u>11,266,086</u>
Liabilities						
Current and Other Liabilities	2,467,091	2,463,161	121,453	80,495	2,588,544	2,543,656
Long-term Liabilities						
Due Within One Year	90,476	49,863	0	0	90,476	49,863
Due in More Than One Year	933,049	1,011,520	63,269	58,098	996,318	1,069,618
<i>Total Liabilities</i>	<u>3,490,616</u>	<u>3,524,544</u>	<u>184,722</u>	<u>138,593</u>	<u>3,675,338</u>	<u>3,663,137</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	4,947,842	4,958,031	177,234	158,297	5,125,076	5,116,328
Restricted	72,021	41,554	0	0	72,021	41,554
Unrestricted	831,133	1,076,797	1,657,078	1,368,270	2,488,211	2,445,067
<i>Total Net Assets</i>	<u>\$5,850,996</u>	<u>\$6,076,382</u>	<u>\$1,834,312</u>	<u>\$1,526,567</u>	<u>\$7,685,308</u>	<u>\$7,602,949</u>

Total assets increased \$94,560, with governmental assets decreasing \$259,314 and business-type assets increasing \$353,874. For governmental activities, cash and property taxes receivable both experienced decreases of \$84,703 and \$69,432, respectively. The property tax receivable decreased due to House Bill 66 and the loss of tangible personal property valuation. Prepaid items decreased \$52,683 due to the Career Center not prepaying their health, dental, vision, and life insurance premiums in June 2006. Cash in the business-type activity increased \$200,310 and as well as Intergovernmental Receivables by \$131,737 resulting from increased services and education programs offered by the adult/continuing education program.

Total liabilities increased only \$12,201, with governmental liabilities decreasing \$33,928 and business-type liabilities increasing \$46,129. For the governmental funds, current and other liabilities including accounts, intergovernmental, and accrued wages remained consistent. Long-term liabilities decreased \$37,858. For the business-type activity, the increase is due to accounts payable.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2006, compared to changes in net assets for the fiscal year ended June 30, 2005.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$182,331	\$189,505	\$2,009,983	\$1,616,691	\$2,192,314	\$1,806,196
Operating Grants, Contributions and Interest	733,082	761,196	365,463	412,937	1,098,545	1,174,133
Capital Grants	3,000	0	0	0	3,000	0
Total Program Revenues	<u>918,413</u>	<u>950,701</u>	<u>2,375,446</u>	<u>2,029,628</u>	<u>3,293,859</u>	<u>2,980,329</u>
General Revenues						
Property Taxes	1,981,882	1,953,758	0	0	1,981,882	1,953,758
Grants and Entitlements	2,697,929	2,677,478	0	0	2,697,929	2,677,478
Payments in Lieu of Taxes	19,868	19,868	0	0	19,868	19,868
Interest	124,503	68,144	0	0	124,503	68,144
Gain on Sale of Capital Assets	0	2,450	1,768	3,757	1,768	6,207
Miscellaneous	54,950	52,160	2,562	288	57,512	52,448
Total General Revenues	<u>4,879,132</u>	<u>4,773,858</u>	<u>4,330</u>	<u>4,045</u>	<u>4,883,462</u>	<u>4,777,903</u>
Total Revenues	<u>5,797,545</u>	<u>5,724,559</u>	<u>2,379,776</u>	<u>2,033,673</u>	<u>8,177,321</u>	<u>7,758,232</u>
Program Expenses						
Instruction:						
Regular	713,793	699,309	0	0	713,793	699,309
Special	16	4,710	0	0	16	4,710
Vocational	2,492,188	2,363,279	0	0	2,492,188	2,363,279
Adult/Continuing	38,143	33,430	0	0	38,143	33,430
Support Services:						
Pupils	427,526	382,087	0	0	427,526	382,087
Instructional Staff	417,649	428,614	0	0	417,649	428,614
Board of Education	15,409	16,231	0	0	15,409	16,231
Administration	519,375	511,848	0	0	519,375	511,848
Fiscal	251,746	212,521	0	0	251,746	212,521
Business	55,009	56,841	0	0	55,009	56,841
Operation and Maintenance of Plant	755,984	785,387	0	0	755,984	785,387
Transportation	367	0	0	0	367	0
Central	149,562	160,154	0	0	149,562	160,154
Operation of Non-Instructional Services:						
Other	45,856	94,873	0	0	45,856	94,873
Food Service Operations	112,051	107,819	0	0	112,051	107,819
Extracurricular Activities	362	1,586	0	0	362	1,586
Interest and Fiscal Charges	27,895	28,591	0	0	27,895	28,591
Adult Education	0	0	2,072,031	1,856,605	2,072,031	1,856,605
Total Expenses	<u>6,022,931</u>	<u>5,887,280</u>	<u>2,072,031</u>	<u>1,856,605</u>	<u>8,094,962</u>	<u>7,743,885</u>
Increase (Decrease) in Net Assets	(225,386)	(162,721)	307,745	177,068	82,359	14,347
Net Assets Beginning of Year	<u>6,076,382</u>	<u>6,239,103</u>	<u>1,526,567</u>	<u>1,349,499</u>	<u>7,602,949</u>	<u>7,588,602</u>
Net Assets End of Year	<u>\$5,850,996</u>	<u>\$6,076,382</u>	<u>\$1,834,312</u>	<u>\$1,526,567</u>	<u>\$7,685,308</u>	<u>\$7,602,949</u>

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

Governmental Activities

Net assets of the Career Center's governmental activities decreased \$225,386 in fiscal year 2006. Total governmental expenses of \$6,022,931 exceeded the program revenues of \$918,413 and general revenues of \$4,879,132.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 81 percent of the total revenue. The remaining 19 percent of revenue is from program revenues, interest, and miscellaneous local sources.

In recent years, the State, in terms of foundation increases, has implemented weighted funding for special education students and career-tech students, and ADM funding. The ADM funding increased 2.2% from fiscal year 2005 to fiscal year 2006 with the Career Center experiencing increased enrollment by 3.9% between fiscal years 2005 and 2006.

Under program expenses for fiscal year 2006, the Career Center added one vocational instructor for a diesel truck mechanic program, thus increasing vocational expenses.

Program revenues covered 15.2 percent of program expenses overall. The remaining 84.8 percent is supported through tax revenues and other general revenues. In fiscal year 2006, however, expenses totaled 103.9 percent of revenues, resulting in a decrease in net assets of \$225,386.

Business-Type Activity

The business-types activities involve the School's adult education program. This program had revenues of \$2,379,776 and expenses of \$2,072,031 for fiscal year 2006.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2006 compared to fiscal year 2005. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

(Table 3)

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Program Expenses				
Instruction:				
Regular	\$713,793	\$699,309	\$713,793	\$699,309
Special	16	4,710	16	4,710
Vocational	2,492,188	2,363,279	2,012,222	1,908,472
Adult/Continuing	38,143	33,430	29,633	33,430
Support Services:				
Pupils	427,526	382,087	195,605	153,530
Instructional Staff	417,649	428,614	394,937	385,286
Board of Education	15,409	16,231	15,409	16,231
Administration	519,375	511,848	517,098	498,641
Fiscal	251,746	212,521	251,746	212,521
Business	55,009	56,841	55,009	56,841
Operation and Maintenance of Plant	755,984	785,387	755,984	785,387
Transportation	367	0	367	0
Central	149,562	160,154	114,239	122,595
Operation of Non-Instructional Services:				
Other	45,856	94,873	45,856	94,873
Food Service Operations	112,051	107,819	(25,653)	(65,424)
Extracurricular Activities	362	1,586	362	1,586
Interest and Fiscal Charges	27,895	28,591	27,895	28,591
Total	\$6,022,931	\$5,887,280	\$5,104,518	\$4,936,579

As you can see, the reliance upon local tax revenues for governmental activities is crucial. Thirty-three percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 45 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2006, approximately 85 percent of instruction activities were supported through taxes and State subsidies. As you can see from Table 3, the food service program is the only self-supporting program; meaning that no general revenues are necessary to supplement this activity.

The Career Center Funds

The Career Center's governmental funds reported a combined fund balance of \$1,447,951, a decrease of \$140,646 from fiscal year 2005. All governmental funds had total revenues of \$5,866,718 and expenditures of \$6,014,284.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

The Career Center's major fund, the General Fund, is accounted for using the modified accrual basis of accounting. The \$154,555 decrease in fund balance can be attributed to expenditures for the additional vocational program.

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.

During the course of fiscal 2006, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$5,393,137, above final estimates of \$5,425,487. The difference was due to less state foundation funding being received than had been anticipated. Expenditures of \$5,592,165 were lower than final appropriations of \$6,018,168. Final appropriations were \$303,408 above original appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the Career Center had \$5,618,889 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2006 balances compared to 2005.

(Table 4)
Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2006	2005	2006	2005	2006	2005
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Buildings and Improvements	4,051,708	4,096,452	0	0	4,051,708	4,096,452
Furniture and Equipment	1,302,398	1,307,990	163,689	150,672	1,466,087	1,458,662
Vehicles	39,549	40,821	13,545	7,625	53,094	48,446
Totals	<u>\$5,441,655</u>	<u>\$5,493,263</u>	<u>\$177,234</u>	<u>\$158,297</u>	<u>\$5,618,889</u>	<u>\$5,651,560</u>

During fiscal year 2006, the Career Center constructed an outdoor pavilion, installed security cameras, and purchased several computers for its governmental activities. Under the business-type activity, the Career Center purchased a truck and miscellaneous operational equipment. See Note 10 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2006, the Career Center governmental activities had \$475,000 in energy conservation notes outstanding which had been issued in fiscal year 2003, and \$18,813 in capital leases outstanding. See Note 15 to the basic financial statements for more information on debt.

Washington County Career Center, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited*

Challenges and Opportunities

The vision of the Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, The Career Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. The Career Center establishes a relationship with staff, students, parents, and community businesses that allow all learners to reach their full potential.

The mission of the Career Center is to provide career options through technical and academic education in a secure environment, resulting in knowledgeable and skilled individuals who are prepared for future opportunities and productive citizenship.

The Adult Technical Training Department of the Career Center is a state-supported institution. Certificates are awarded to all students satisfactorily completing a program. Adult Vocational Education programs allow students to upgrade themselves in their present job, retrain for a job they may not have worked at for sometime, or prepare for a new career. Students obtain both theoretical knowledge and practical experience through well-equipped laboratories, which provide up-to-date "hands-on" training experiences.

The mission of the Career Center Adult Education Department is to design, develop, and implement training that meets the needs of local business, industry, and individuals. We are dedicated to providing progressive solutions that lead to increased productivity and to enhancing individual employment opportunities and the quality of life in the Mid-Ohio Valley.

In order to meet the goals mentioned above, it is imperative that the Career Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

The Career Center has achieved a large measure of financial stability in the past and in fiscal year 2006. Administrators and staff are cognizant of the vulnerability of stability and the Board of Education and administrators continue to closely monitor both revenues and expenses. The Treasurer continues to monitor revenues and expenses to ascertain that actual revenues meet or exceed estimated revenues and actual expenses do not exceed estimates.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 Janine Satterfield, Treasurer at the Washington County Career Center, 21740 SR 676, Marietta, Ohio 45750, or e-mail at wj_jsatterfi@seovec.org.

Washington County Career Center, Ohio

Statement of Net Assets

June 30, 2006

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,849,962	\$1,445,543	\$3,295,505
Cash and Cash Equivalents with Fiscal Agents	159	0	159
Materials and Supplies Inventory	41,741	43,486	85,227
Intergovernmental Receivable	38,602	222,506	261,108
Prepaid Items	1,164	0	1,164
Accounts Receivable	1,733	130,265	131,998
Property Taxes Receivable	1,966,596	0	1,966,596
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	5,393,655	177,234	5,570,889
<i>Total Assets</i>	<u>9,341,612</u>	<u>2,019,034</u>	<u>11,360,646</u>
Liabilities			
Accounts Payable	24,738	54,117	78,855
Accrued Wages and Benefits Payable	396,331	45,720	442,051
Accrued Interest Payable	2,136	0	2,136
Vacation Benefits Payable	24,126	7,121	31,247
Deferred Revenue	1,936,224	0	1,936,224
Matured Interest Payable	159	0	159
Intergovernmental Payable	83,377	14,495	97,872
Long-Term Liabilities:			
Due Within One Year	90,476	0	90,476
Due In More Than One Year	933,049	63,269	996,318
<i>Total Liabilities</i>	<u>3,490,616</u>	<u>184,722</u>	<u>3,675,338</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,947,842	177,234	5,125,076
Restricted for:			
Capital Projects	1,132	0	1,132
Other Purposes	4,538	0	4,538
Unclaimed Monies	69	0	69
Capital Improvement Set-aside	37,350	0	37,350
Budget Stabilization	28,932	0	28,932
Unrestricted	831,133	1,657,078	2,488,211
<i>Total Net Assets</i>	<u>\$5,850,996</u>	<u>\$1,834,312</u>	<u>\$7,685,308</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Program Revenues				Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants	Governmental Activities	Business-Type Activity	Total
Governmental Activities							
Instruction:							
Regular	\$713,793	\$0	\$0	\$0	(\$713,793)	\$0	(\$713,793)
Special	16	0	0	0	(16)	0	(16)
Vocational	2,492,188	127,139	352,827	0	(2,012,222)	0	(2,012,222)
Adult/Continuing	38,143	4,810	3,700	0	(29,633)	0	(29,633)
Support Services:							
Pupils	427,526	0	231,921	0	(195,605)	0	(195,605)
Instructional Staff	417,649	0	22,712	0	(394,937)	0	(394,937)
Board of Education	15,409	0	0	0	(15,409)	0	(15,409)
Administration	519,375	1,240	1,037	0	(517,098)	0	(517,098)
Fiscal	251,746	0	0	0	(251,746)	0	(251,746)
Business	55,009	0	0	0	(55,009)	0	(55,009)
Operation and							
Maintenance of Plant	755,984	0	0	0	(755,984)	0	(755,984)
Transportation	367	0	0	0	(367)	0	(367)
Central	149,562	0	32,323	3,000	(114,239)	0	(114,239)
Operation of Non-Instructional Services:							
Other	45,856	0	0	0	(45,856)	0	(45,856)
Food Service Operations	112,051	49,142	88,562	0	25,653	0	25,653
Extracurricular Activities	362	0	0	0	(362)	0	(362)
Interest and Fiscal Charges	27,895	0	0	0	(27,895)	0	(27,895)
<i>Total Governmental Activities</i>	6,022,931	182,331	733,082	3,000	(5,104,518)	0	(5,104,518)
Business-Type Activity							
Adult Education	2,072,031	2,009,983	365,463	0	0	303,415	303,415
<i>Totals</i>	<u>\$8,094,962</u>	<u>\$2,192,314</u>	<u>\$1,098,545</u>	<u>\$3,000</u>	(5,104,518)	303,415	(4,801,103)
General Revenues							
Property Taxes Levied for General Purposes					1,981,882	0	1,981,882
Grants and Entitlements not Restricted to Specific Programs					2,697,929	0	2,697,929
Payments in Lieu of Taxes					19,868	0	19,868
Interest					124,503	0	124,503
Gain on Sale of Capital Assets					0	1,768	1,768
Miscellaneous					54,950	2,562	57,512
<i>Total General Revenues</i>					4,879,132	4,330	4,883,462
<i>Change in Net Assets</i>					(225,386)	307,745	82,359
<i>Net Assets Beginning of Year</i>					6,076,382	1,526,567	7,602,949
<i>Net Assets End of Year</i>					<u>\$5,850,996</u>	<u>\$1,834,312</u>	<u>\$7,685,308</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,745,311	\$38,300	\$1,783,611
Cash and Cash Equivalents with Fiscal Agents	0	159	159
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	66,351	0	66,351
Receivables:			
Property Taxes	1,966,596	0	1,966,596
Accounts	1,733	0	1,733
Intergovernmental	10,225	28,377	38,602
Interfund	5,567	0	5,567
Prepaid Items	1,164	0	1,164
Materials and Supplies Inventory	38,843	2,898	41,741
<i>Total Assets</i>	<u>\$3,835,790</u>	<u>\$69,734</u>	<u>\$3,905,524</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$24,618	\$120	\$24,738
Accrued Wages and Benefits Payable	363,350	32,981	396,331
Interfund Payable	0	5,567	5,567
Matured Interest Payable	0	159	159
Intergovernmental Payable	75,820	7,557	83,377
Deferred Revenue	1,947,401	0	1,947,401
<i>Total Liabilities</i>	<u>2,411,189</u>	<u>46,384</u>	<u>2,457,573</u>
Fund Balances			
Reserved for Encumbrances	95,589	520	96,109
Reserved for Property Taxes	25,542	0	25,542
Reserved for Unclaimed Monies	69	0	69
Reserved for Capital Improvements	37,350	0	37,350
Reserved for Budget Stabilization	28,932	0	28,932
Designated for Budget Stabilization	69,251	0	69,251
Unreserved, Undesignated, Reported in:			
General Fund	1,167,868	0	1,167,868
Special Revenue Funds	0	21,698	21,698
Capital Projects Funds	0	1,132	1,132
<i>Total Fund Balances</i>	<u>1,424,601</u>	<u>23,350</u>	<u>1,447,951</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,835,790</u>	<u>\$69,734</u>	<u>\$3,905,524</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities*
 June 30, 2006

Total Governmental Fund Balances		\$1,447,951
 <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.		5,441,655
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	4,830	
Grants	5,818	
Other	529	11,177
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.		(2,136)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(24,126)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Notes Payable	(475,000)	
Capital Leases Payable	(18,813)	
Sick Leave Benefits Payable	(529,712)	(1,023,525)
Net Assets of Governmental Activities		\$5,850,996

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$2,043,956	\$0	\$2,043,956
Intergovernmental	3,025,875	416,843	3,442,718
Interest	124,503	100	124,603
Tuition and Fees	1,240	16,673	17,913
Customer Services	115,276	49,142	164,418
Payments in Lieu of Taxes	19,868	0	19,868
Miscellaneous	49,339	3,903	53,242
<i>Total Revenues</i>	<u>5,380,057</u>	<u>486,661</u>	<u>5,866,718</u>
Expenditures			
Current:			
Instruction:			
Regular	696,159	0	696,159
Special	16	0	16
Vocational	2,453,350	46,944	2,500,294
Adult/Continuing	0	4,815	4,815
Support Services:			
Pupils	191,837	233,315	425,152
Instructional Staff	384,823	26,476	411,299
Board of Education	15,409	0	15,409
Administration	502,471	1,049	503,520
Fiscal	252,270	0	252,270
Business	54,576	0	54,576
Operation and Maintenance of Plant	725,068	0	725,068
Central	127,160	41,000	168,160
Operation of Non-Instructional Services	13,202	140,099	153,301
Extracurricular Activities	3,319	0	3,319
Capital Outlay	31,506	0	31,506
Debt Service:			
Principal Retirement	41,419	0	41,419
Interest and Fiscal Charges	28,001	0	28,001
<i>Total Expenditures</i>	<u>5,520,586</u>	<u>493,698</u>	<u>6,014,284</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(140,529)</u>	<u>(7,037)</u>	<u>(147,566)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	6,920	0	6,920
Transfers In	0	20,946	20,946
Transfers Out	(20,946)	0	(20,946)
<i>Total Other Financing Sources (Uses)</i>	<u>(14,026)</u>	<u>20,946</u>	<u>6,920</u>
<i>Net Change in Fund Balances</i>	<u>(154,555)</u>	<u>13,909</u>	<u>(140,646)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,579,156</u>	<u>9,441</u>	<u>1,588,597</u>
<i>Fund Balances End of Year</i>	<u>\$1,424,601</u>	<u>\$23,350</u>	<u>\$1,447,951</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2006*

Net Change in Fund Balances - Total Governmental Funds (\$140,646)

*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 outlays:

Capital Asset Additions	254,532	
Depreciation Expense	<u>(294,191)</u>	(39,659)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (11,949)

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

Grants	(12,507)	
Other	5,408	
Delinquent Taxes	<u>(62,074)</u>	(69,173)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 41,419

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. 106

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

Vacation Benefits Payable	(1,923)	
Sick Leave Benefits Payable	<u>(3,561)</u>	<u>(5,484)</u>

Change in Net Assets of Governmental Activities (\$225,386)

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$1,969,124	\$1,969,124	\$2,054,078	\$84,954
Intergovernmental	3,030,282	3,143,972	3,025,875	(118,097)
Interest	60,000	123,866	123,866	0
Tuition and Fees	1,100	1,100	908	(192)
Customer Services	110,125	113,025	115,172	2,147
Payments in Lieu of Taxes	19,868	19,868	19,868	0
Miscellaneous	34,066	54,532	53,370	(1,162)
<i>Total Revenues</i>	<u>5,224,565</u>	<u>5,425,487</u>	<u>5,393,137</u>	<u>(32,350)</u>
Expenditures				
Current:				
Instruction:				
Regular	645,343	716,735	680,747	35,988
Special	8,420	0	16	(16)
Vocational	2,306,654	2,392,335	2,449,189	(56,854)
Support Services:				
Pupils	193,108	193,270	194,691	(1,421)
Instructional Staff	350,421	422,480	379,378	43,102
Board of Education	18,728	20,268	16,613	3,655
Administration	528,323	539,452	513,557	25,895
Fiscal	239,573	258,709	245,114	13,595
Business	54,232	55,977	54,436	1,541
Operation and Maintenance of Plant	1,035,370	1,093,890	773,654	320,236
Central	207,070	178,279	143,973	34,306
Operation of Non-Instructional Services	15,255	15,755	14,925	830
Extracurricular Activities	20,000	2,000	3,319	(1,319)
Capital Outlay	30,263	72,748	66,341	6,407
Debt Service:				
Principal	50,000	30,000	30,000	0
Interest	12,000	26,270	26,212	58
<i>Total Expenditures</i>	<u>5,714,760</u>	<u>6,018,168</u>	<u>5,592,165</u>	<u>426,003</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(490,195)</u>	<u>(592,681)</u>	<u>(199,028)</u>	<u>393,653</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	10,000	60,130	6,920	(53,210)
Advances In	0	0	119,709	119,709
Refund of Prior Year Expenditures	1,000	1,000	144	(856)
Advances Out	0	0	(112,625)	(112,625)
Transfers Out	0	(15,001)	(20,946)	(5,945)
<i>Total Other Financing Sources (Uses)</i>	<u>11,000</u>	<u>46,129</u>	<u>(6,798)</u>	<u>(52,927)</u>
<i>Net Change in Fund Balance</i>	(479,195)	(546,552)	(205,826)	340,726
<i>Fund Balance Beginning of Year</i>	1,694,180	1,694,180	1,694,180	0
Prior Year Encumbrances Appropriated	187,824	187,824	187,824	0
<i>Fund Balance End of Year</i>	<u>\$1,402,809</u>	<u>\$1,335,452</u>	<u>\$1,676,178</u>	<u>\$340,726</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fund Net Assets

Enterprise Fund

June 30, 2006

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,445,543
Materials and Supplies Inventory	43,486
Intergovernmental Receivable	222,506
Accounts Receivable	<u>130,265</u>
<i>Total Current Assets</i>	1,841,800
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>177,234</u>
<i>Total Assets</i>	<u>2,019,034</u>
Liabilities	
Current Liabilities:	
Accounts Payable	54,117
Accrued Wages and Benefits Payable	45,720
Vacation Benefits Payable	7,121
Intergovernmental Payable	<u>14,495</u>
<i>Total Current Liabilities</i>	121,453
Long-term Liability:	
Sick Leave Benefits Payable	<u>63,269</u>
<i>Total Liabilities</i>	<u>184,722</u>
Net Assets	
Invested in Capital Assets	177,234
Unrestricted	<u>1,657,078</u>
Total Net Assets	<u><u>\$1,834,312</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Revenues,

Expenses and Changes in Fund Net Assets

Enterprise Fund

For the Fiscal Year Ended June 30, 2006

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Operating Revenues	
Tuition	\$2,009,983
Other	2,562
<i>Total Operating Revenues</i>	<u>2,012,545</u>
Operating Expenses	
Salaries	881,300
Fringe Benefits	254,221
Purchased Services	483,253
Materials and Supplies	423,714
Depreciation	29,543
<i>Total Operating Expenses</i>	<u>2,072,031</u>
<i>Operating Loss</i>	<u>(59,486)</u>
Non-Operating Revenues	
Gain on Sale of Capital Assets	1,768
Federal and State Subsidies	365,463
<i>Total Non-Operating Revenues</i>	<u>367,231</u>
<i>Net Change in Net Assets</i>	307,745
<i>Net Assets at Beginning of Year</i>	<u>1,526,567</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,834,312</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Cash Flows

Enterprise Fund

For the Fiscal Year Ended June 30, 2006

	Business-Type Activity
	Adult Education Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,859,511
Cash Received from Other Operating Revenues	2,562
Cash Payments to Suppliers for Goods and Services	(865,259)
Cash Payments for Employee Services	(870,459)
Cash Payments for Employee Benefits	(245,966)
Net Cash Used for Operating Activities	(119,611)
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	366,633
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	1,970
Payments for Capital Acquisitions	(48,682)
Net Cash Used for Capital and Related Financing Activities	(46,712)
<i>Net Increase in Cash and Cash Equivalents</i>	200,310
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,245,233
<i>Cash and Cash Equivalents at End of Year</i>	\$1,445,543
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$59,486)
Depreciation	29,543
Changes in Assets and Liabilities:	
Decrease in Materials and Supplies Inventory	2,917
Increase in Accounts Receivable	(21,269)
Increase in Intergovernmental Receivable	(132,907)
Decrease in Prepaid Items	6,330
Decrease in Interfund Receivable	9,132
Increase in Accounts Payable	33,322
Increase in Accrued Wages and Benefits Payable	2,454
Increase in Vacation Benefits Payable	3,216
Increase in Sick Leave Benefits Payable	5,171
Increase in Intergovernmental Payable	1,966
Net Cash Used for Operating Activities	(\$119,611)

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2006

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$52,560</u>
Liabilities	
Due to Students	<u>\$52,560</u>

See accompanying notes to the basic financial statements

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Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 1 - Description of the Career Center and Reporting Entity

The Washington County Career Center (the Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following elected Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Washington County Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The Career Center exposes students to job training leading to employment upon graduation from high school.

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 22 classified employees and 51 certificated employees who provide services to 393 Washington County juniors and seniors and 1,861 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the Career Center are not misleading. The Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the 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 provide 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 participates in the Southeastern Ohio Voluntary Education Cooperative, the Coalition of Rural and Appalachian Schools, and the South Eastern Ohio Special Education Regional Resource Center, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

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 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 applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activity and to its enterprise fund unless those pronouncements conflict with or contradict GASB pronouncements. The Career Center has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the Career Center's accounting policies are described below.

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.

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 stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the financial condition of the governmental and business-type 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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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 fiscal 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 and enterprise 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 fiduciary fund is reported by type.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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 funds of the Career Center are divided into three 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 Career Center's only major fund is the General Fund.

General Fund The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available 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.

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The Career Center has no internal service funds.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Career Center's only enterprise fund accounts for the operation of the Career Center's adult education program.

Fiduciary Fund Type 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary fund is an agency fund, which accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of 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., expenses) in total net assets.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

D. Basis of Accounting

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the 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 nonexchange transactions must also be available before it can be recognized.

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

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

Property taxes for which there was an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, are 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 are reported as deferred revenue.

Expenses/Expenditures On the accrual basis, 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. Cash and Cash Equivalents

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

The Career Center's only investment during fiscal year 2006 was the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2006.

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 2006 amounted to \$124,503, which includes \$55,942 assigned from other Career Center funds.

The Career Center utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agents" and represents deposits.

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

Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption and donated and purchased food.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Career Center was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of three hundred dollars. 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 asset or materially extend an asset's life are not.

All reported capital assets, except land, land improvements, 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>
Buildings and Improvements	75 - 100 years
Furniture and Equipment	5 - 48 years
Vehicles	5 - 23 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets, except for any net residual amounts due between governmental and the business-type activity. These amounts are presented as "Internal Balances"; the Career Center has none.

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the Career Center for the acquisition or construction of capital assets, the unspent workers' compensation refund monies required to be maintained for budget stabilization, and unclaimed monies. See Note 20 for additional information regarding set-asides.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

K. 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 Career Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. 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.

N. Fund Balance Reserves/Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved. The reserve for budget stabilization represents money set-aside to protect the Career Center from cyclical changes in revenues and expenditures.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

The Career Center has a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the required reserve for budget stabilization.

O. 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. The government-wide statement of net assets reports \$72,021 of restricted net assets, of which none is restricted by enabling legislation. Net assets restricted for other purposes include the food service program and local, federal, and state grants restricted to expenditure for specified purposes.

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

P. 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 adult education programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Q. 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.

R. 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.

S. Budgetary Process

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set 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. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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.

Note 3 - Changes in Accounting Principles

For the fiscal year ended June 30, 2006, the Career Center has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", and GASB Statement No. 47, "Accounting for Termination Benefits."

GASB Statement No. 42 provides guidance on the accounting treatment and financial reporting requirements for impairments of capital assets and insurance recoveries. GASB Statement No. 47 establishes accounting standards for termination benefits. The implementation of these statements had no effect on the financial statements.

Note 4 - Fund Deficits

Fund balances at June 30, 2006, included the following individual fund deficits:

Special Revenue Funds:

Food Service	\$4,648
Miscellaneous Federal Grants	5,636

The special revenue deficit balances 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.

Note 5 - 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 and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded interest represents amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

GAAP Basis	(\$154,555)
Net Adjustment for Revenue Accruals	13,861
Unreported Interest:	
Beginning of Fiscal Year	9,591
End of Fiscal Year	(10,228)
Prepaid Items:	
Beginning of Fiscal Year	52,499
End of Fiscal Year	(1,164)
Net Adjustment for Expenditure Accruals	2,342
Advances In	119,709
Advances Out	(112,625)
Adjustment for Encumbrances	<u>(125,256)</u>
Budget Basis	<u><u>(\$205,826)</u></u>

Note 6 - Deposits and Investments

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

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

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in Division (1) or (2) of Ohio Rev. Code Section 135.18 and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,447,588 of the Career Center's bank balance of \$3,615,508 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Career Center to a successful claim by FDIC.

The Career Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

Investments As of June 30, 2006, the Career Center had an investment in STAROhio. The carrying and fair value of this investment was \$4,344 with an average maturity of 34.77 days.

Credit Risk STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Career Center has no investment policy addressing credit risk.

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the Career Center 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 Career Center. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value listed as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. 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.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

The Career Center receives property taxes from Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2006, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. 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 is deferred. The amount available as an advance at June 30, 2006, was \$25,542 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2005, was \$35,664.

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$859,510,260	68.74%	\$869,064,240	73.01%
Public Utility Personal	165,528,650	13.24%	164,807,200	13.85%
Tangible Personal Property	225,356,890	18.02%	156,417,280	13.14%
Total	<u>\$1,250,395,800</u>	<u>100.00%</u>	<u>\$1,190,288,720</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

Note 8 - Receivables

Receivables at June 30, 2006, consisted of property taxes, accounts (rent, billings for user charged services, and tuition), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

	<u>Amounts</u>
Governmental Activities:	
Services Reimbursement	\$4,407
E-Rate	5,818
Full Service Grant	122
Carl Perkins	24,171
Adult Carl Perkins	108
School Lunch Subsidy	3,639
Title IVA	25
Title IIA	312
	<hr/>
Total Governmental Activities	38,602
	<hr/>
Business-Type Activity:	
Ohio Department of Education	450
West Virginia Division of Motor Vehicles	178
Tuition	221,878
	<hr/>
Total Business-Type Activity	222,506
	<hr/>
Total	<u><u>\$261,108</u></u>

Note 9 - Interfund Activity

A. Transfers

Transfers made during fiscal year 2006 were \$4,000 and \$16,946 to the Food Service and Miscellaneous State Grants Special Revenue Funds from the General Fund. The transfers to the grant funds were to cover additional expenditures of the program not covered by the grant dollars; and the transfer to the Food Service was to cover additional expenditures of the program not covered by user fees and federal and state subsidies.

B. Balances

Interfund balances at June 30, 2006, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by Special Revenue Funds for \$5,567.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	<u>\$5,567</u>	<u>\$0</u>
Food Service	0	5,000
Miscellaneous State Grants	0	122
Miscellaneous Federal Grants	<u>0</u>	<u>445</u>
Total Special Revenue Funds	<u>0</u>	<u>5,567</u>
 Total All Funds	<u><u>\$5,567</u></u>	<u><u>\$5,567</u></u>

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance 6/30/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2006</u>
Governmental Activities:				
Capital Assets:				
Capital Assets not being depreciated:				
Land	<u>\$48,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$48,000</u>
Depreciable Capital Assets:				
Buildings and Improvements	5,410,109	11,418	0	5,421,527
Furniture and Equipment	2,673,090	238,114	(98,760)	2,812,444
Vehicles	<u>69,342</u>	<u>5,000</u>	<u>(839)</u>	<u>73,503</u>
Total Capital Assets being Depreciated	<u>8,152,541</u>	<u>254,532</u>	<u>(99,599)</u>	<u>8,307,474</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,313,657)	(56,162)	0	(1,369,819)
Furniture and Equipment	(1,365,100)	(231,827)	86,881	(1,510,046)
Vehicles	<u>(28,521)</u>	<u>(6,202)</u>	<u>769</u>	<u>(33,954)</u>
Total Accumulated Depreciation	<u>(2,707,278)</u>	<u>(294,191) *</u>	<u>87,650</u>	<u>(2,913,819)</u>
Total Capital Assets being Depreciated, Net	<u>5,445,263</u>	<u>(39,659)</u>	<u>(11,949)</u>	<u>5,393,655</u>
Governmental Activities Capital Assets, Net	<u><u>\$5,493,263</u></u>	<u><u>(\$39,659)</u></u>	<u><u>(\$11,949)</u></u>	<u><u>\$5,441,655</u></u>

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

	<u>Balance 6/30/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2006</u>
Business-Type Activity:				
Capital assets being depreciated				
Vehicles	\$15,000	\$7,610	\$0	\$22,610
Furniture and Equipment	<u>258,492</u>	<u>41,072</u>	<u>(10,296)</u>	<u>289,268</u>
Total Capital assets being depreciated	<u>273,492</u>	<u>48,682</u>	<u>(10,296)</u>	<u>311,878</u>
Accumulated Depreciation				
Vehicles	(7,375)	(1,690)	0	(9,065)
Furniture and Equipment	<u>(107,820)</u>	<u>(27,853)</u>	<u>10,094</u>	<u>(125,579)</u>
Total Accumulated Depreciation	<u>(115,195)</u>	<u>(29,543)</u>	<u>10,094</u>	<u>(134,644)</u>
Business-Type Activity capital assets, net	<u><u>\$158,297</u></u>	<u><u>\$19,139</u></u>	<u><u>(\$202)</u></u>	<u><u>\$177,234</u></u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$12,654
Vocational	186,402
Adult/Continuing	33,328
Support Services:	
Pupils	4,831
Instructional Staff	6,296
Administration	15,433
Fiscal	4,192
Business	602
Operation and Maintenance of Plant	20,490
Transportation	367
Central	5,578
Food Service	3,815
Extracurricular Activities	<u>203</u>
Total Depreciation Expense	<u><u>\$294,191</u></u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 11 - Risk Management

A. Property and Liability

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. During fiscal year 2006, the Career Center contracted with the following insurance company for coverage:

Utica National Insurance Company through Barengo Insurance Agency:	
Automobile Liability	\$1,000,000
Comprehensive (\$500 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$5,000 deductible)	19,061,100
Boiler and Machinery (\$5,000 deductible)	19,061,100
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Sexual Abuse and Molestation	1,000,000
Medical Expense Limit (Any one Person)	10,000
Employee Benefits Liability:	
Each Offence Limit	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Disease – Each Employee	1,000,000
Educational Legal Liability (\$5,000 Deductible):	
Errors and Omissions/Aggregate	1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

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

B. Workers' Compensation

For fiscal year 2006, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Career Centers is calculated as one experience and a common premium rate is applied to all Career Centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Career Centers that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 12 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 270 days. Upon retirement, certificated employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 68 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 81 days for employees having fifteen or more years of service.

B. Insurance

The Career Center provides medical/surgical insurance through Anthem Blue Cross Blue Shield for all eligible employees. The Career Center pays between 95 to 100 percent of the cost of individual plans and between 85 and 100 percent of the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

The Career Center pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through Metropolitan Life Insurance, dental coverage is provided through Core Source, and vision insurance is provided through Vision Service Plan.

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 43215-3476, by calling (800)878-5853 or by visiting the SERS website at ohsers.org.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

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 Career Center 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 2006, 10.58 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 a statutory maximum amount, by the SERS' Retirement Board. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$70,821, \$68,277, and \$56,285, respectively; 97.11 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

B. State Teachers Retirement System of Ohio

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 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

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

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, 2006, 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. For fiscal year 2005, the portion to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

The Career Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$417,334, \$388,623, and \$388,028, respectively; 89.36 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$4,303 made by the Career Center and \$17,375 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2006, two members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial 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 on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount equaled \$32,103 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (latest information available), the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the Career Center, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$37,030.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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 the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants eligible to receive health care benefits.

Note 15 - Long-Term Obligations

The changes in the Career Center's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/05	Additions	Reductions	Principal Outstanding 6/30/06	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9% July 23, 2002, \$615,000	\$505,000	\$0	\$30,000	\$475,000	\$35,000
Capital Leases	30,232	0	11,419	18,813	12,260
Sick Leave Benefits	526,151	33,411	29,850	529,712	43,216
Total Governmental Activities	<u>\$1,061,383</u>	<u>\$33,411</u>	<u>\$71,269</u>	<u>\$1,023,525</u>	<u>\$90,476</u>
Business-Type Activity:					
Sick Leave Benefits	<u>\$58,098</u>	<u>\$5,171</u>	<u>\$0</u>	<u>\$63,269</u>	<u>\$0</u>

Capital leases will be paid from the General Fund. Sick leave benefits will be paid from the General Fund, the Food Service and Miscellaneous Federal Grants Special Revenue Funds.

In fiscal year 2003, the Career Center issued energy conservation notes for \$615,000. The energy conservation notes will be paid from tax revenues from the General Fund.

The overall debt margin of the Career Center as of June 30, 2006, was \$107,125,985, with an unvoted debt margin of \$1,190,289. Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2006, are as follows:

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Fiscal Year Ending June 30	Principal	Interest	Total
2007	\$35,000	\$24,889	\$59,889
2008	35,000	23,401	58,401
2009	35,000	21,914	56,914
2010	40,000	20,320	60,320
2011	40,000	18,290	58,290
2012-2016	235,000	52,953	287,953
2017	55,000	1,622	56,622
Total	<u>\$475,000</u>	<u>\$163,389</u>	<u>\$638,389</u>

Note 16 - Capital Leases – Lessee Disclosure

The Career Center has entered into capitalized leases for copiers and duplicators. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2006 were \$11,419 for the governmental activities.

	Governmental Activities
Property under Capital Lease	<u>\$37,015</u>
Less Accumulated Depreciation	<u>(13,331)</u>
Total June 30, 2006	<u>\$23,684</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2006.

Fiscal Year	Governmental Activities
2007	<u>\$13,209</u>
2008	<u>6,693</u>
Total	<u>19,902</u>
Less: Amount Representing Interest	<u>(1,089)</u>
Present Value of Net Minimum Lease Payments	<u>\$18,813</u>

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

Note 17 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Career Centers. SEOVEC has 30 participants consisting of 26 School Districts and 4 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2006, the Career Center paid \$11,266 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Council. The Career Center's membership fee was \$300 for fiscal year 2006.

C. South Eastern Ohio Special Education Regional Resource Center (SEOSERRC)

SEOSERRC is a special education regional resource center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, and representatives of county boards of MR/DD, Ohio University, and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating Career Center is limited to its representation on the Board. During fiscal year 2006, the Career Center paid \$1,370 to SEOSERRC. Financial information can be obtained by contacting the Treasurer at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 18 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Note 19 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2006.

B. Litigation

The Career Center is currently not a party to any legal proceedings.

Note 20 - 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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2006, this continues to be set aside.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006*

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

	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2005	\$37,915	(\$24,563)	\$28,932
Current Year Set-aside Requirement	59,916	59,916	0
Qualifying Disbursements	(60,481)	(63,975)	0
Total	<u>\$37,350</u>	<u>(\$28,622)</u>	<u>\$28,932</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$37,350</u>	<u>(\$28,622)</u>	<u>\$28,932</u>

The Career Center had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

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Mary Taylor, CPA

Auditor of State

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

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the years ended June 30, 2007 and 2006, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated March 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Career Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Career Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Career Center's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Career Center's management in a separate letter dated March 20, 2008.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Career Center's management in a separate letter dated March 20, 2008.

The Career Center's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Career Center's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management and Board of Education. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 20, 2008

WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 135.18(A) provides, in part, that the treasurer, prior to making the initial deposit in a public depository, shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government.

As of June 30, 2007, the cash balance on deposit with Citibank exceeded the \$100,000 federal deposit insurance limit and pledged securities in the amount of \$824,439. As a result, these monies of the Career Center were not adequately protected against loss in the event of a bank failure.

We recommend the Treasurer obtain additional specific pledged collateral for protection of the Career Center's monies, or alternatively, participate in the bank's public entity collateral pool, if used.

Officials' Response: Due to the timing of this funding project for H.B. 264 improvements to our HVAC systems, we were unable to ascertain that securities were pledged as collateral. We had employed legal and bond counsel for oversight of this and another financing project and assumed all items had been considered and properly executed in accordance with Ohio Revised Code requirements.



Mary Taylor, CPA
Auditor of State

WASHINGTON COUNTY CAREER CENTER

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 24, 2008