



Mary Taylor, CPA
Auditor of State

**MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General and Adult Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 20, 2008

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The discussion and analysis of the Mid-East Career and Technology Centers' (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

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

- In total, net assets of governmental activities increased \$1,065,560. This represents approximately a seven percent increase from 2006.
- General revenues accounted for \$11,862,172 in revenue or 67 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$5,901,063 or 33 percent of total revenues of \$17,763,235.
- Total assets of governmental activities increased by \$737,806 due mostly to the increases in property taxes receivable and capital assets.
- The School District had \$16,697,675 in expenses related to governmental activities; only \$5,901,063 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$11,862,172 were adequate enough to provide for these programs.
- The School District has three major funds, the General Fund, Adult Education Special Revenue Fund, and the Permanent Improvement Capital Projects Fund. The General Fund had \$13,865,187 in revenues and \$12,708,674 in expenditures. The General Fund's balance increased \$523,614. The Adult Education Special Revenue Fund had \$1,845,868 in revenues and \$1,736,887 in expenditures and the fund balance increased \$113,823. The Permanent Improvement Capital Projects Fund had \$86,311 in revenues and \$743,390 in expenditures and the fund balance increased \$8,686.

Using this Basic Financial Statements 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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District'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 School District's most significant funds with all other non-major funds presented in total in one column. In the case of the School District, the General Fund, Adult Education Special Revenue Fund, and the Permanent Improvement Capital Projects Fund are the major funds.

Mid-East Career and Technology Centers
Management's Discussion and Analysis
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Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2006-2007 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District 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 School District'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 School District's activities are all considered to be governmental activities, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Adult Education Special Revenue Fund and the Permanent Improvement Capital Projects Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District'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.

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		
	2007	2006	Change
Assets			
Current and Other Assets	\$17,194,958	\$16,793,288	\$401,670
Capital Assets	5,264,708	4,928,572	336,136
Total Assets	22,459,666	21,721,860	737,806
Liabilities			
Long-Term Liabilities	746,016	852,474	(106,458)
Other Liabilities	4,717,298	4,938,594	(221,296)
Total Liabilities	5,463,314	5,791,068	(327,754)
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,206,912	4,813,536	393,376
Restricted	1,112,630	1,005,045	107,585
Unrestricted	10,676,810	10,112,211	564,599
Total Net Assets	\$16,996,352	\$15,930,792	\$1,065,560

Total assets increased \$737,806. There are two areas that make up the majority of this increase. Property taxes receivable increased by \$281,794 from the prior year. The School District's valuation increased from the prior year due to the Muskingum County's sexennial revaluation for tax year 2006. Capital assets increased by \$336,136 as a result of current year capitalizations exceeding current year depreciation.

Total liabilities decreased by \$327,754. This is a result of a decrease in contracts payable of \$392,094 and retainage payable of \$39,795. The School District completed renovations and improvements to buildings during 2007 which were shown as outstanding liabilities in the previous year.

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

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 2
Change in Net Assets

	Governmental Activities		
	2007	2006	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$2,014,905	\$2,086,202	(\$71,297)
Operating Grants, Contributions, and Interest	3,880,433	4,042,532	(162,099)
Capital Grants, Contributions, and Interest	5,725	0	5,725
Total Program Revenues	<u>5,901,063</u>	<u>6,128,734</u>	<u>(227,671)</u>
General Revenues:			
Property Taxes	5,314,474	5,130,482	183,992
Grants and Entitlements	5,926,491	5,644,772	281,719
Other	621,207	557,961	63,246
Total General Revenues	<u>11,862,172</u>	<u>11,333,215</u>	<u>528,957</u>
Total Revenues	<u>17,763,235</u>	<u>17,461,949</u>	<u>301,286</u>
Program Expenses			
Instruction:			
Regular	1,739,424	1,631,203	108,221
Vocational	6,819,841	6,311,349	508,492
Adult/Continuing	1,776,676	1,894,733	(118,057)
Support Services:			
Pupils	1,262,295	1,200,202	62,093
Instructional Staff	825,752	781,318	44,434
Board of Education	85,486	95,633	(10,147)
Administration	1,214,750	1,115,911	98,839
Fiscal	562,525	560,480	2,045
Business	214,730	176,541	38,189
Operation and Maintenance of Plant	1,243,223	1,335,898	(92,675)
Pupil Transportation	97,185	93,327	3,858
Central	389,588	351,385	38,203
Operation of Non-Instructional Services	380,003	370,993	9,010
Extracurricular Activities	83,551	65,940	17,611
Interest	2,646	0	2,646
Total Expenses	<u>16,697,675</u>	<u>15,984,913</u>	<u>712,762</u>
Change in Net Assets	1,065,560	1,477,036	(411,476)
Net Assets Beginning of Year	<u>15,930,792</u>	<u>14,453,756</u>	<u>1,477,036</u>
Net Assets End of Year	<u>\$16,996,352</u>	<u>\$15,930,792</u>	<u>\$1,065,560</u>

The School District's net assets increased \$1,065,560. Charges for services and sales decreased \$71,297 due to a decrease in enrollment for adult education classes. Operating grants, contributions and interest decreased \$162,099 due to a decrease in special education weighted funding received from foundation revenue. The largest increase in revenue is in the general revenue category which reflects an increase in unrestricted grants of \$281,719. This increase is the result of an increase in enrollment which generates more unrestricted foundation dollars coming from the state. Property tax revenues increased due to the increase in property taxes receivable as previously discussed.

Mid-East Career and Technology Centers
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The largest fluctuation in expenses is shown in the vocational instruction program – an increase of \$508,492. Increased open enrollment and wage increases are the operating reasons for the increase in this instruction expense.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Property taxes made up 30 percent of revenues for governmental activities for the School District in fiscal year 2007.

Instructional programs comprise 62 percent of total governmental program expenses. Of the instructional expenses, approximately 66 percent is for vocational instruction, 17 percent is for adult/continuing instruction and 17 percent is for regular instruction.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Instructional Services:				
Regular	\$1,739,424	\$1,736,532	\$1,631,203	\$1,618,043
Vocational	6,819,841	3,962,708	6,311,349	3,265,911
Adult/Continuing	1,776,676	(52,334)	1,894,733	(178,184)
Support Services:				
Pupils	1,262,295	1,013,466	1,200,202	930,303
Instructional Staff	825,752	353,064	781,318	514,373
Board of Education	85,486	85,486	95,633	95,633
Administration	1,214,750	1,214,750	1,115,911	1,115,911
Fiscal	562,525	507,100	560,480	509,376
Business	214,730	214,730	176,541	176,541
Operation and Maintenance of Plant	1,243,223	1,243,223	1,335,898	1,335,898
Pupil Transportation	97,185	97,185	93,327	93,327
Central	389,588	315,836	351,385	288,311
Operation of Non-Instructional Services	380,003	18,669	370,993	24,796
Extracurricular Activities	83,551	83,551	65,940	65,940
Interest	2,646	2,646	0	0
Total Expenses	<u>\$16,697,675</u>	<u>\$10,796,612</u>	<u>\$15,984,913</u>	<u>\$9,856,179</u>

The dependence upon tax revenues and state subsidies is apparent. Approximately 65 percent of total expenses are supported through taxes and other general revenues.

Mid-East Career and Technology Centers
Management's Discussion and Analysis
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Unaudited

Over the past several years the School District has remained in a stable financial position. The School District receives tax revenues from Muskingum, Guernsey, Licking, Coshocton, Perry, Monroe, Fairfield, and Noble Counties.

The School District Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,876,158 and expenditures of \$17,126,231. The net change in fund balance before other financing sources and uses for the year was most significant in the General Fund, an increase of \$523,614. This change in fund balance indicates that the School District has been consistent in meeting School District current obligations.

General Fund Budgeting Highlights

The School District'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 year 2007, the School District amended its General Fund budget several times however these amendments were not significant. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The School District's ending General Fund balance was \$500,232 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$5,264,708 invested in land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2007 balances compared to 2006.

Table 4
Capital Assets at June 30

	Governmental Activities	
	2007	2006
Land	\$333,075	\$333,075
Construction in Progress	0	503,980
Buildings and Improvements	4,215,424	3,268,739
Vehicles	121,008	151,552
Machinery, Equipment, Furniture and Fixtures	595,201	671,226
Totals	\$5,264,708	\$4,928,572

See Note 9 for more detailed information of the School District's capital assets.

Mid-East Career and Technology Centers
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2007
 Unaudited

Debt

During fiscal year 2007, the School District entered into a capital lease agreement in the amount of \$29,831. At June 30, 2007, the School District had \$57,796 outstanding for capital leases payable of which \$21,798 is due within one year. Table 5 summarizes the debt activity of the School District for fiscal years 2007 and 2006:

Table 5
 Outstanding Debt, at Year End

	Governmental Activities 2007	Governmental Activities 2006
Governmental Activities:		
1987 Building Construction Assistance Loan	\$0	\$65,762
Capital Leases Payable	57,796	49,274

The Building Construction Assistance Loan was used for construction projects at the Muskingum Perry and Guernsey Noble Career Centers and was retired from the Permanent Improvement Capital Projects Fund. Capital leases are paid from the General Fund. See Note 15 and 16 for more detailed information about the School District's debt.

Economic Factors

During fiscal year 2007, General Fund revenues exceeded General Fund expenditures by \$523,614. This excess is due to an increase in basic state aid based upon an increase in enrollment. However, as the preceding information shows, the School District depends on its property taxpayers. The School District has continued to keep spending in line with revenues. Careful monitoring of School District finances must continue if the School District hopes to remain on firm financial footing.

The Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Richard L. White, Treasurer/CFO at Mid-East Career and Technology Centers, 400 Richards RD., Zanesville, Ohio 43701, or e-mail at rwhite@mid-east.k12.oh.us.

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Mid-East Career and Technology Centers, Ohio
Statement of Net Assets
June 30, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,624,633
Accounts Receivable	106,979
Intergovernmental Receivable	179,510
Inventory Held for Resale	9,298
Materials and Supplies Inventory	87,045
Prepaid Items	54,514
Property Taxes Receivable	5,085,189
Payment in Lieu of Taxes Receivable	47,790
Nondepreciable Capital Assets	333,075
Depreciable Capital Assets, Net	4,931,633
Total Assets	22,459,666
 Liabilities	
Accounts Payable	12,719
Accrued Wages and Benefits Payable	1,167,816
Matured Compensated Absences Payable	125,652
Intergovernmental Payable	303,325
Claims Payable	13,384
Deferred Revenue	2,981,706
Vacation Benefits Payable	112,696
Long-Term Liabilities:	
Due Within One Year	111,798
Due In More Than One Year	634,218
Total Liabilities	5,463,314
 Net Assets	
Invested in Capital Assets, Net of Related Debt	5,206,912
Restricted for:	
Capital Projects	60,384
Set Asides	45,566
Adult Education	913,137
Other Purposes	93,543
Unrestricted	10,676,810
Total Net Assets	\$16,996,352

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues			Net Expense (Revenue) and Change in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$1,739,424	\$0	\$2,892	\$0	(\$1,736,532)
Vocational	6,819,841	479,473	2,377,660	0	(3,962,708)
Adult/Continuing	1,776,676	1,109,654	713,631	5,725	52,334
Support Services:					
Pupils	1,262,295	0	248,829	0	(1,013,466)
Instructional Staff	825,752	171,732	300,956	0	(353,064)
Board of Education	85,486	0	0	0	(85,486)
Administration	1,214,750	0	0	0	(1,214,750)
Fiscal	562,525	39,631	15,794	0	(507,100)
Business	214,730	0	0	0	(214,730)
Operation and Maintenance of Plant	1,243,223	0	0	0	(1,243,223)
Pupil Transportation	97,185	0	0	0	(97,185)
Central	389,588	0	73,752	0	(315,836)
Operation of Non-Instructional Services:					
Food Service Operations	377,705	214,415	143,040	0	(20,250)
Other Non-Instructional Services	2,298	0	3,879	0	1,581
Extracurricular Activities	83,551	0	0	0	(83,551)
Interest	2,646	0	0	0	(2,646)
Total Governmental Activities	<u>\$16,697,675</u>	<u>\$2,014,905</u>	<u>\$3,880,433</u>	<u>\$5,725</u>	<u>(10,796,612)</u>
General Revenues					
Property Taxes Levied for General Purposes					5,314,474
Payment in Lieu of Taxes					46,803
Grants and Entitlements not Restricted to					
Specific Programs					5,926,491
Investment Earnings					539,339
Miscellaneous					35,065
Total General Revenues					<u>11,862,172</u>
Change in Net Assets					1,065,560
Net Assets Beginning of Year					<u>15,930,792</u>
Net Assets End of Year					<u><u>\$16,996,352</u></u>

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio

Balance Sheet
Governmental Funds
June 30, 2007

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$7,593,746	\$910,980	\$2,451,991	\$605,844	\$11,562,561
Inventory Held for Resale	0	0	0	9,298	9,298
Materials and Supplies Inventory	81,119	0	0	5,926	87,045
Accounts Receivable	125	100,511	0	6,343	106,979
Intergovernmental Receivable	4,480	66,845	0	108,185	179,510
Interfund Receivable	80,000	0	0	0	80,000
Prepaid Items	41,592	2,659	0	10,263	54,514
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	54,607	0	0	0	54,607
Payment In Lieu of Taxes Receivable	47,790	0	0	0	47,790
Property Taxes Receivable	5,085,189	0	0	0	5,085,189
Total Assets	<u>\$12,988,648</u>	<u>\$1,080,995</u>	<u>\$2,451,991</u>	<u>\$745,859</u>	<u>\$17,267,493</u>
Liabilities					
Accounts Payable	\$8,854	\$3,492	\$0	\$373	\$12,719
Accrued Wages and Benefits Payable	979,833	72,723	0	115,260	1,167,816
Matured Compensated Absences Payable	125,652	0	0	0	125,652
Intergovernmental Payable	238,431	25,355	0	39,539	303,325
Interfund Payable	0	0	0	80,000	80,000
Deferred Revenue	3,528,889	81,802	0	7,997	3,618,688
Total Liabilities	<u>4,881,659</u>	<u>183,372</u>	<u>0</u>	<u>243,169</u>	<u>5,308,200</u>
Fund Balances					
Reserved for Encumbrances	103,227	2,981	55,270	470	161,948
Reserved for Unclaimed Monies	9,041	0	0	0	9,041
Reserved for Budget Stabilization	45,566	0	0	0	45,566
Reserved for Property Taxes	1,556,300	0	0	0	1,556,300
Unreserved:					
Designated:					
Designated for Budget Stabilization	128,102	0	0	0	128,102
Undesignated, Reported in:					
General Fund	6,264,753	0	0	0	6,264,753
Special Revenue Funds	0	894,642	0	441,836	1,336,478
Capital Projects Funds	0	0	2,396,721	60,384	2,457,105
Total Fund Balances	<u>8,106,989</u>	<u>897,623</u>	<u>2,451,991</u>	<u>502,690</u>	<u>11,959,293</u>
Total Liabilities and Fund Balances	<u>\$12,988,648</u>	<u>\$1,080,995</u>	<u>\$2,451,991</u>	<u>\$745,859</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,264,708

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	547,183
Tuition and Fees	20,693
Grants	69,106
Total Other Long-Term Assets	<u>636,982</u>

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. (5,919)

Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds. (112,696)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Capital Leases Payable	(57,796)
Compensated Absences	(688,220)
Total Long-Term Liabilities	<u>(746,016)</u>
Net Assets of Governmental Activities	<u>\$16,996,352</u>

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$5,275,322	\$0	\$0	\$0	\$5,275,322
Payment in Lieu of Taxes	46,803	0	0	0	46,803
Intergovernmental	7,787,772	494,947	0	1,652,075	9,934,794
Interest	451,018	44,861	86,311	7,772	589,962
Tuition and Fees	67,412	1,306,060	0	197,982	1,571,454
Charges for Services	208,343	0	0	214,415	422,758
Miscellaneous	28,517	0	0	6,548	35,065
Total Revenues	13,865,187	1,845,868	86,311	2,078,792	17,876,158
Expenditures					
Current:					
Instruction:					
Regular	1,736,504	0	0	3,876	1,740,380
Vocational	5,996,241	0	0	711,637	6,707,878
Adult/Continuing	8,646	1,464,626	0	274,128	1,747,400
Support Services:					
Pupils	996,002	0	0	252,466	1,248,468
Instructional Staff	337,167	221,339	0	246,893	805,399
Board of Education	84,242	0	0	0	84,242
Administration	1,194,916	0	0	0	1,194,916
Fiscal	504,230	50,922	0	0	555,152
Business	201,319	0	0	0	201,319
Operation and Maintenance of Plant	1,158,882	0	20,648	0	1,179,530
Pupil Transportation	51,596	0	0	0	51,596
Central	307,346	0	0	73,427	380,773
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	366,801	366,801
Other Non-Instructional Services	0	0	0	2,298	2,298
Extracurricular Activities	77,797	0	0	5,754	83,551
Capital Outlay	29,831	0	656,980	0	686,811
Debt Service:					
Principal Retirement	21,309	0	65,762	0	87,071
Interest and Fiscal Charges	2,646	0	0	0	2,646
Total Expenditures	12,708,674	1,736,887	743,390	1,937,280	17,126,231
Excess of Revenues Over (Under) Expenditures	1,156,513	108,981	(657,079)	141,512	749,927
Other Financing Sources (Use)					
Transfers In	81,035	4,842	665,765	78,968	830,610
Transfers Out	(743,765)	0	0	0	(743,765)
Inception of Capital Lease	29,831	0	0	0	29,831
Total Other Financing Sources (Use)	(632,899)	4,842	665,765	78,968	116,676
Net Change in Fund Balances	523,614	113,823	8,686	220,480	866,603
Fund Balances Beginning of Year	7,583,375	783,800	2,443,305	282,210	11,092,690
Fund Balances End of Year	\$8,106,989	\$897,623	\$2,451,991	\$502,690	\$11,959,293

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
 Reconciliation of the 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 \$866,603

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 capital outlay and capital contributions exceeded depreciation in the current period:

Capital Asset Additions	707,493	
Capital Asset Contribution	5,725	
Current Year Depreciation	<u>(377,082)</u>	336,136

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

Property Taxes	39,152	
Tuition and Fees	20,693	
Grants	<u>(180,503)</u>	(120,658)

Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 65,762

Repayment of a capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement on net assets. 21,309

Inception of a capital lease is reported as an other financing source in the governmental funds, but the inception increases long-term liabilities on the Statement of Net Assets. (29,831)

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:

Compensated Absences	49,218	
Vacation Benefits	<u>(5,462)</u>	43,756

The internal service fund, used by management to charge the costs of insurance to individual funds, is not reported in the district-wide statement of activities. The net change of the internal service fund is reported with governmental activities. (117,517)

Change in Net Assets of Governmental Activities \$1,065,560

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$5,090,000	\$5,090,000	\$5,106,352	\$16,352
Payment in Lieu of Taxes	63,000	63,000	63,720	720
Intergovernmental	7,791,464	7,969,645	7,783,362	(186,283)
Interest	381,349	390,000	434,018	44,018
Tuition and Fees	66,699	68,212	67,412	(800)
Charges for Services	350,736	358,693	208,343	(150,350)
Miscellaneous	35,249	36,049	23,100	(12,949)
Total Revenues	13,778,497	13,975,599	13,686,307	(289,292)
Expenditures				
Current:				
Instruction:				
Regular	1,671,967	1,771,079	1,698,620	72,459
Vocational	6,196,221	6,333,280	6,008,155	325,125
Adult/Continuing	22,340	23,050	8,185	14,865
Support Services:				
Pupils	973,837	1,013,418	991,184	22,234
Instructional Staff	421,402	405,190	353,019	52,171
Board of Education	104,714	103,041	99,414	3,627
Administration	1,155,182	1,223,142	1,171,484	51,658
Fiscal	580,899	542,854	503,472	39,382
Business	226,936	224,146	206,400	17,746
Operation and Maintenance of Plant	1,235,411	1,229,660	1,162,228	67,432
Pupil Transportation	93,846	56,828	53,966	2,862
Central	347,879	345,931	304,482	41,449
Operation of Non-Instructional Services	1,996	2,060	0	2,060
Extracurricular Activities	61,367	63,317	77,616	(14,299)
Debt Service:				
Principal Retirement	21,309	21,309	21,309	0
Interest and Fiscal Charges	2,646	2,646	2,646	0
Total Expenditures	13,117,952	13,360,951	12,662,180	698,771
Excess of Revenues Over Expenditures	660,545	614,648	1,024,127	409,479
Other Financing Sources (Uses)				
Advances In	106,601	106,601	106,611	10
Transfers In	0	0	81,035	81,035
Refund of Prior Year Expenditures	0	0	5,473	5,473
Advances Out	(120,000)	(84,000)	(80,000)	4,000
Transfers Out	(545,000)	(744,000)	(743,765)	235
Total Other Financing Sources (Uses)	(558,399)	(721,399)	(630,646)	90,753
Net Change in Fund Balance	102,146	(106,751)	393,481	500,232
Fund Balance Beginning of Year	6,907,967	6,907,967	6,907,967	0
Prior Year Encumbrances Appropriated	233,341	233,341	233,341	0
Fund Balance End of Year	\$7,243,454	\$7,034,557	\$7,534,789	\$500,232

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$419,907	\$460,635	\$494,947	\$34,312
Interest	18,232	20,000	42,965	22,965
Tuition and Fees	1,591,737	1,746,126	1,222,707	(523,419)
Total Revenues	2,029,876	2,226,761	1,760,619	(466,142)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	1,897,902	2,118,858	1,458,242	660,616
Support Services:				
Instructional Staff	263,822	294,120	223,425	70,695
Fiscal	49,783	55,500	50,825	4,675
Total Expenditures	2,211,507	2,468,478	1,732,492	735,986
Excess of Revenues Over (Under) Expenditures	(181,631)	(241,717)	28,127	269,844
Other Financing Source (Use)				
Transfers In	0	0	4,842	4,842
Transfers Out	(3,000)	0	0	0
Total Other Financing Source (Use)	(3,000)	0	4,842	4,842
Net Change in Fund Balance	(184,631)	(241,717)	32,969	274,686
Fund Balance Beginning of Year	865,692	865,692	865,692	0
Prior Year Encumbrances Appropriated	6,753	6,753	6,753	0
Fund Balance End of Year	\$687,814	\$630,728	\$905,414	\$274,686

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Fund Net Assets
Dental Self-Insurance Internal Service Fund
June 30, 2007

Current Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$7,465</u>
Total Assets	<u>7,465</u>
Current Liabilities	
Claims Payable	<u>13,384</u>
Total Liabilities	<u>13,384</u>
Net Assets	
Unrestricted (Deficit)	<u><u>(\$5,919)</u></u>

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Dental Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2007

Operating Revenues	
Charges for Services	\$92,249
Operating Expenses	
Purchased Services	5,743
Claims	<u>119,188</u>
Total Operating Expenses	<u>124,931</u>
Operating Loss	(32,682)
Non-Operating Revenue	
Interest	<u>2,010</u>
Loss Before Transfers	<u>(30,672)</u>
Transfers Out	(86,845)
Change in Net Assets	<u>(117,517)</u>
Net Assets Beginning of Year	<u>111,598</u>
Net Assets (Deficit) End of Year	<u><u>(\$5,919)</u></u>

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Cash Flows
Dental Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2007

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Interfund Services Provided	\$92,249
Cash Payments for Goods and Services	(5,743)
Cash Payments for Claims	(117,404)
	(117,404)

Net Cash Used for Operating Activities (30,898)

Cash Flows from Noncapital Financing Activities

Transfers Out (86,845)

Cash Flows from Investing Activities

Interest on Investments 2,010

Net Decrease in Cash and Cash Equivalents (115,733)

Cash and Cash Equivalents Beginning of Year 123,198

Cash and Cash Equivalents End of Year \$7,465

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities**

Operating Loss (\$32,682)

Changes in Assets and Liabilities

Increase in Claims Payable 1,784

Net Cash Used for Operating Activities (\$30,898)

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$70	\$57,006
Investments	512,099	0
Total Assets	512,169	\$57,006
Liabilities		
Due to Students	0	\$57,006
Total Liabilities	0	\$57,006
Net Assets		
Endowments	35,000	
Held in Trust for Students	477,169	
Total Liabilities	\$512,169	

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2007

	Private Purpose Trust
Additions	
Interest	\$3,870
Increase in Fair Value of Investments	84,443
Total Additions	88,313
Deductions	
Payments for Scholarships	3,800
Change in Net Assets	84,513
Net Assets Beginning of Year	427,656
Net Assets End of Year	\$512,169

See accompanying notes to the basic financial statements.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 1 - Description of the School District and Reporting Entity

On April 12, 1965, the State of Ohio Board of Education approved the creation of the Muskingum Area Joint Vocational School District. In 1985, the School District name was changed to the Mid-East Ohio Vocational School District, and on August 11, 2003, the School District name was changed to the Mid-East Career and Technology Centers. The School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school.

The School District includes thirteen member schools as follows: Caldwell Exempted Village School District, Cambridge City School District, Crooksville Exempted Village School District, East Guernsey Local School District, East Muskingum Local School District, Franklin Local School District, Maysville Local School District, Noble Local School District, Northern Local School District, Rolling Hills Local School District, Tri-Valley Local School District, West Muskingum Local School District, and Zanesville City School District. The School District is staffed by seventy-two classified employees and one hundred seventeen certified teaching personnel who provide services to nine hundred eighty-five students and other community members. The School District currently operates seven instructional buildings on two campuses.

The School District operates under a thirteen member appointed Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of one member from the participating school districts' elected Boards, appointed by the Board of Education of each of the above districts, with the exception of Northern Local School District's representative, who is appointed from the Perry County Board of Education.

Reporting Entity

Since the School District does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial 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 School District are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Coalition of Rural and Appalachian Schools (CORSA), the Coalition for Equity and Adequacy in School Funding, and the Metropolitan Education Council (MEC), which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as a group insurance purchasing pool. Additional information concerning these organizations is presented in Note 17.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District'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 School District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District 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 School District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

B. Fund Accounting

The School District 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. There are three categories of funds: governmental, proprietary, and fiduciary.

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

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Adult Education The Adult Education Special Revenue Fund accounts for all transactions made in connection with adult education classes.

Permanent Improvement The Permanent Improvement Capital Projects Fund accounts for transactions related to acquiring, constructing, or improving permanent improvements within the School District.

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

Proprietary Fund Type 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 School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts for the operation of the School District's self-insurance program for employee dental claims (See Note 11).

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of 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 School District finances and meets the cash flow needs of its proprietary activity.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

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 the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Also, delinquent property taxes receivable have been shown as deferred revenue on the modified accrual basis and as property tax revenue on the accrual basis. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, with the exception of the private purpose trust monies, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2007, the School District's investments were limited to federal agency securities, stocks, repurchase agreements, non-participating certificates of deposit, and STAROhio. Repurchase agreements are reported at cost. Investments in federal agency securities and stocks are stated at fair value based on quoted market prices. 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. Non-participating investment contracts are reported at cost or amortized cost. 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 STAR Ohio'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. Based upon Board policy, the District distributes interest to the General Fund, Permanent Improvement Capital Projects Fund, Adult Education, Fox Scholarship, and Food Service Special Revenue Funds, and Rogge Trust Scholarship Private Purpose Trust Fund, and the Self-Insurance Fund. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$451,018, which includes \$83,456 assigned from other School District funds.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

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 expense/expenditure is reported in the year in which services are consumed.

G. Inventory

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

H. Capital Assets

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year.) Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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 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:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	50 Years
Vehicles	5-10 Years
Machinery, Equipment, Furniture and Fixtures	8-25 Years

I. Interfund Balances

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

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 School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of current service with the School District and who are within ten years of retirement.

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 recorded in the account "matured compensated absences payable" in the funds from which these payments will be made.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Interfund Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. 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.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

M. 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 in the General Fund represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization and amounts representing unclaimed monies. See Note 19 for additional information regarding set asides.

N. Fund Balance Reserves and Designations

The School District 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, unclaimed monies, budget stabilization, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

The School District has a designation of unreserved fund balance on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute.

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 enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net assets reports \$1,112,630 of restricted net assets. None of this amount is restricted by enabling legislation.

Net assets restricted for other purposes include resources restricted for adult education operations and state and federal grants restricted to expenditure for specified purposes.

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is 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 Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District 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 at the time final appropriations were passed.

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 3 - Accountability

At June 30, 2007, the Vocational Education Special Revenue Fund had a deficit fund balance in the amount of \$13,215. This deficit is due to adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 - Budgetary Basis of Accounting

While the School District 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 Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Adult Education Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budgets. The major differences between the budget basis and GAAP 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. Unrecorded cash and changes in fair market value represent amounts received or adjusted to revenue but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Adult Education Special Revenue Fund:

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	\$523,614	\$113,823
Net Adjustment for Revenue Accruals	(171,675)	(86,414)
Unrecorded Cash - Prior Year	954	688
Unrecorded Cash - Current Year	2,531	298
Decrease in Market Value of Investments - Prior Year	(14,563)	(1,514)
Increase in Market Value of Investments - Current Year	(20,485)	1,693
Prepaid Items - Prior Year	49,702	1,624
Prepaid Items - Current Year	(41,592)	(2,659)
Net Adjustment for Expenditure Accruals	148,557	8,321
Advances In	106,611	0
Advances Out	(80,000)	0
Encumbrances	(110,173)	(2,891)
Budget Basis	\$393,481	\$32,969

Note 5 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active deposits are public deposits necessary to meet current demands on the School District treasury. Active monies must be maintained either as cash in the School District 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.

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 School District can be deposited or invested in the following securities:

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 describe in Division (B)(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 School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,450,629 of the School District's bank balance of \$7,950,629 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District 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 School District 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 pledge 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 School District had the following investments:

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

	<u>Fair Value</u>	<u>Maturity</u>	<u>S&P/Moody's Rating</u>	<u>Percent of Total Investments</u>
Federal Home Loan Bank Bond	\$174,454	9/12/2008	AAA	3.80%
Federal Home Loan Bank Bond	149,720	3/6/2008	AAA	3.26%
Federal Home Loan Bank Bond	197,312	12/29/2008	AAA	4.30%
Federal Home Loan Bank Bond	334,896	6/25/2008	AAA	7.30%
Federal Home Loan Bank Bond	149,766	8/8/2008	AAA	3.26%
Federal Home Loan Bank Bond	199,812	12/30/2009	Aaa	4.36%
Federal Home Loan Bank Bond	199,750	3/19/2009	AAA	4.35%
Federal Home Loan Bank Bond	199,000	4/5/2010	AAA	4.34%
Federal Home Loan Bank Bond	149,484	11/21/2008	AAA	3.26%
Federal Home Loan Bank Bond	199,626	9/17/2009	Aaa	4.35%
Federal Home Loan Bank Bond	149,766	6/13/2008	AAA	3.26%
Federal Home Loan Bank Bond	198,376	1/27/2010	Aaa	4.32%
Federal Home Loan Mortgage Corporation - Term Notes	246,823	2/27/2012	Aaa	5.38%
Federal National Mortgage Association - Term Notes	146,595	12/10/2007	AAA	3.20%
Federal National Mortgage Association - Bond	149,906	10/30/2007	AAA	3.27%
Federal National Mortgage Association - Bond	149,579	11/20/2009	AAA	3.26%
Federal National Mortgage Association - Term Notes	199,438	9/17/2008	Aaa	4.35%
Federal National Mortgage Association - Term Notes	199,126	5/27/2009	Aaa	4.34%
Repurchase Agreement	550,962	1 Day	AAA	12.01%
Massachusetts Investors Trust - Domestic Conservative Stock	512,099	N/A	N/A	11.16%
STAR Ohio	<u>130,850</u>	38.56	AAAm	2.85%
Total	<u>\$4,587,340</u>			

Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily. The stated intent of the investment policy is to avoid the need to sell securities prior to maturity.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities for the repurchase agreement are exposed to

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

custodial credit risk in that the security is held by the counterparty's trust department or agent, but not in the School District's name. The other investments listed in the table above, with the exception of STAR-Ohio, are exposed to custodial credit risk in that they are uninsured, unregistered, and held by counterparty's trust department or agent but not in the School District's name.

Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses custodial credit risk.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax collections are received by the School District 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 School District. Real property tax revenues received in calendar year 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 revenues received in calendar year 2007 represent collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien on 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 is currently assessed at varying percentages of true value.

Tangible personal property tax revenue received in calendar 2007 (other than public utility property tax) represents the collection of calendar year 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value 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 made 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 School District prior to June 30.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the School District. The County Auditor periodically advances to the School District its portion of 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 represents real property, public utility property, and tangible personal property taxes which were 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 and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

At June 30, 2007, \$1,556,300 was available as an advance in the General Fund. The amount available as an advance at June 30, 2006, was \$1,387,330 in the General Fund.

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

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
Real Estate	\$2,043,710,780	83.43%	\$2,310,759,330	87.62%
Public Utility Personal	192,225,210	7.84%	190,535,260	7.22%
General Business Personal	213,803,128	8.73%	136,212,088	5.16%
Total	\$2,449,739,118	100.00%	\$2,637,506,678	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$3.20		 \$3.20	

Note 7 - Receivables

Receivables at June 30, 2007, consisted of property taxes, payment in lieu of taxes, accounts (rent), intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$547,183 may not be collected within in one year. All receivables are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

	Amounts
Governmental Activities:	
General Fund	\$4,480
Adult Education Grant	66,845
Title V	1,506
Title IV-A	755
ABLE Grant	43,955
Carl D. Perkins Secondary Grant	45,448
High Schools That Work	1,914
Lunchroom	14,607
Total	\$179,510

Note 8 - Interfund Balances

At June 30, 2007, the General Fund had an interfund receivable from the Vocational Education, Miscellaneous State Grants, and Miscellaneous Federal Grants Special Revenue Funds in the amounts of \$40,000, \$20,000, and \$20,000, respectively, on the balance sheet. These transactions are the result of interfund loans used to provide cash flow resources until the receipt of grant monies.

Note 9 - Capital Assets

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

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Nondepreciable Capital Assets				
Land	\$333,075	\$0	\$0	\$333,075
Construction in Progress	503,980	0	(503,980)	0
Total Nondepreciable Assets	837,055	0	(503,980)	333,075
Depreciable Capital Assets				
Buildings and Improvements	9,626,747	1,160,960	0	10,787,707
Vehicles	439,406	0	0	439,406
Machinery, Equipment, Furniture and Fixtures	1,774,967	56,238	(5,665)	1,825,540
Total Capital Assets Being Depreciated	11,841,120	1,217,198	(5,665)	13,052,653
Less Accumulated Depreciation:				
Buildings and Improvements	(6,358,008)	(214,275)	0	(6,572,283)
Vehicles	(287,854)	(30,544)	0	(318,398)
Machinery, Equipment, Furniture and Fixtures	(1,103,741)	(132,263)	5,665	(1,230,339)
Total Accumulated Depreciation	(7,749,603)	(377,082) *	5,665	(8,121,020)
Total Capital Assets Being Depreciated, Net	4,091,517	840,116	0	4,931,633
Governmental Activities Capital Assets, Net	\$4,928,572	\$840,116	(\$503,980)	\$5,264,708

Mid-East Career and Technology Centers, 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	\$13,360
Vocational	128,616
Adult/Continuing	24,820
Support Services:	
Pupils	4,172
Instructional Staff	14,375
Board of Education	1,244
Administration	25,052
Fiscal	28,764
Business	11,528
Operation and Maintenance of Plant	60,924
Pupil Transportation	45,589
Central	8,961
Non-Instructional Services - Food Service Operations	9,677
Total Governmental Depreciation	\$377,082

Note 10- Interfund Transfers

Interfund transfers for the year ended June 30, 2007 consisted of the following:

Transfer From	Transfers To				Total
	General Fund	Adult Education	Permanent Improvement	Other Nonmajor Governmental	
General Fund	\$0	\$0	\$665,765	\$78,000	\$743,765
Dental Self Insurance Internal Service Fund	81,035	4,842	0	968	86,845
	\$81,035	\$4,842	\$665,765	\$78,968	\$830,610

The School District transferred \$665,765 from the General Fund to the Permanent Improvement Capital Projects Fund to keep a working balance in the fund as well as to cover payments for the School District's building loan. The School District also transferred \$30,000 to the Food Service Fund to provide the fund with a positive balance, and \$48,000 was transferred to the Severance Fund to cover the School District's severance costs in future fiscal years. The School District also made a residual equity transfer of \$86,845 from the Dental Self Insurance Fund to the General, Adult Education, and Food Service Funds to return premiums paid by these funds, due to the School District no longer being self insured for health insurance.

Note 11 - Risk Management

A. Property and Liability

The School District 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 School District purchased the following coverage:

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
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<u>Young Insurance Agency, Inc.</u>		
Fleet Insurance:		
Liability	\$1,000,000	each accident
Auto Medical Payments	\$3,000	
Uninsured Motorists	\$1,000,000	
Garagekeepers Comprehensive	\$60,000	each auto
Garagekeepers Collision	\$60,000	each auto
Physical Damage Comprehensive		actual cash value
Physical Damage Collision		actual cash value
Data Processing	\$46,575	\$500 deductible
Building and personal property	\$30,492,725	Blanket
General Liability	\$3,000,000	Aggregate
Builders' Risk	\$70,000	\$1,000 deductible
Boiler and Machinery Policy	\$20,000,000	\$1,000 deductible
 <u>Ohio Casual Insurance Company</u>		
Treasurer's Bond	\$100,000	
Superintendent's Bond	\$100,000	
 <u>Travelers Casualty and Surety Company</u>		
Board President Bond	\$95,000	

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

B. Workers' Compensation

For fiscal year 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District 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.

C. Medical/Surgical, Dental, and Prescription Drug Insurances

The School District provides health insurance benefits through Anthem Blue Cross Blue Shield. The costs of health insurance premiums are \$1,488.16 for family coverage and \$595.27 for single coverage. The board pays 88 percent of these premiums for family coverage and 91 percent of single coverage. The employees are responsible for the remainder. Dental coverage was provided through a self-insurance internal service fund. The School District pays into the Dental Self-Insurance Internal Service Fund 85 percent of required premium for employees. These premiums are paid by the fund that pays the salary for the employee and is based on historical cost information. The claims liability of \$13,384 reported in the internal service fund at June 30, 2007, is based on a search of dental claims paid after June 30, 2007, that were for claims incurred prior to that date.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Changes in the fund's claims liability amount in 2006 and 2007 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	\$40,525	\$64,435	\$93,360	\$11,600
2007	11,600	119,188	117,404	13,384

Note 12 - Other 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 who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Administrators and teachers who work less than 260 days per year do not earn vacation time. Vacation balances are to be used within the one year from the time they are earned. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 270 days for all employees. Upon retirement, employees receive payment for one-fourth of the sick leave accumulation.

B. Insurance

The School District provides health insurance benefits through Anthem Blue Cross Blue Shield. The costs of health insurance premiums are \$1,488.16 for family coverage and \$595.27 for single coverage. The board pays 87.79 percent of these premiums and the employees are responsible for 12.21 percent of family coverage. The board pays 91.31 percent of the premiums and employees are responsible for 8.69 percent of single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to employees through MetLife Insurance Company in the amount of \$45,000 for all employees.

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District'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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$185,350, \$194,078, and \$191,554, respectively; 87.93 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System

The School District 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, annual cost-of-living adjustments, and death and survivor benefits to members and 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 divided by 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.

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 are required to contribute 10 percent of their annual covered salaries. The School District is 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.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005, were \$899,714, \$897,799, and \$791,674, respectively; 87.93 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 \$303 made by the School District and \$12,651 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 Sate 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, there are six employees who have elected Social Security.

Note 14 - Postemployment Benefits

The School District 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-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 Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$69,209 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.

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 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 has been established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$92,328.

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 projected claims less premium contributions for the next fiscal 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 59,492 participants eligible to receive health care benefits.

Note 15 - Capital Leases

In fiscal year 2003, the School District has entered into a capitalized, interest free lease for two copying machines in the amount of \$82,122. In fiscal year 2007, the School District entered into a capitalized lease for a copying machine in the amount of \$29,831. These leases both meet 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 have been reclassified from business support services expenditures in the budgetary statements to principal debt service expenditures in the basic financial statements for the General Fund.

Actual principal payments in fiscal year 2007 totaled \$21,309. The equipment was originally capitalized in the amount of \$111,953, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2007, was \$35,832 with a book value of \$76,121.

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 June 30,	Governmental Activities		
	Principal	Interest	Total
2008	\$21,798	\$2,158	\$23,956
2009	22,337	1,618	23,955
2010	6,505	1,029	7,534
2011	7,156	377	7,533
Present Value of Net Minimum Lease Payments	\$57,796	\$5,182	\$62,978

Note 16 - Long-Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

	Principal Outstanding			Principal Outstanding		Amounts Due within
	06/30/06	Additions	Reductions	06/30/07	06/30/07	One Year
Governmental Activities:						
\$986,472 - 1992 Building Construction						
Assistance Loan - Interest Free	\$65,762	\$0	(\$65,762)	\$0		\$0
Capital Leases Payable	49,274	29,831	(21,309)	57,796		21,798
Compensated Absences	737,438	161,395	(210,613)	688,220		90,000
Total Governmental Activities						
Long-Term Liabilities	\$852,474	\$191,226	(\$297,684)	\$746,016		\$111,798

On November 29, 1991, the School District entered into interest free Building Construction Assistance Loan for \$986,472, for construction projects at the Muskingum Perry and Guernsey Noble Career Centers which was retired from the Permanent Improvement Capital Projects Fund. Capital lease obligations will be paid from the General Fund. The School District will pay compensated absences from the fund which employees are paid. These funds include the General Fund and the Food Service, Adult Education, Miscellaneous Federal Grants and Vocational Education Federal Grant Special Revenue Funds.

The overall debt margin of the School District as of June 30, 2007, was \$237,317,805, with an unvoted debt margin of \$2,579,711.

Note 17 - Jointly Governed Organizations and Insurance Purchasing Pool

A. Jointly Governed Organizations

The *Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)* was created as a regional council of governments pursuant to State statutes. OME-RESA has participating districts from 12 counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. The School District's payment for computer services to OME-RESA in fiscal year 2007 was \$57,822. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The *Coalition of Rural and Appalachian Schools (CORAS)* is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children 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 Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2007.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The *Ohio Coalition for Equity and Adequacy of School Funding* is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of not more than 78 representatives, who are Superintendents of Boards of Education that are Coalition members, plus an additional 12 representatives that need not be Board of Education Superintendents. A maximum of 78 steering committee representatives may be appointed by the Chairperson. The School District's membership fee was \$474.50 for fiscal year 2007.

The School District participates in the *Metropolitan Educational Council (MEC)*, a jointly governed organization. The organization is composed of 166 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. During fiscal year 2007, the School District made a payment of \$418.07 to MEC for a membership fee. Financial information may be obtained from the Metropolitan Educational Council, Denise Canfield, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

B. Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group 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 school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District was not required to pay an enrollment fee for fiscal year 2007.

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation

The School District is currently not a party to any legal proceedings.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 19 - Set-Asides

The School District 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.

Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the workers' compensation refunds.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2006	\$0	\$0	\$45,566
Carry over from prior year	(1,029,616)	0	0
Current year set-aside requirement	161,275	161,275	0
Current year offsets	0	(600,000)	0
Qualifying disbursements	(355,486)	(593,617)	0
Total	(\$1,223,827)	(\$1,032,342)	\$45,566
Set-aside balance carried forward to future fiscal years	(\$1,223,827)	\$0	\$0
Set-aside reserve balance as of June 30, 2007	\$0	\$0	\$45,566

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero for textbooks and capital improvements. This extra amount may be used to reduce the set-aside requirement of future years for textbooks. The extra amount in the capital improvements set-aside may not be used to reduce the capital set-aside in future fiscal years.

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**MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Noncash Receipts	Cash Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation		10.550		\$25,621		\$25,621
National School Lunch Program	051300-LLP4-2006	10.555	\$17,245		\$17,245	
	051300-LLP4-2007	10.555	76,725		76,725	
Total National School Lunch Program			<u>93,970</u>	<u>0</u>	<u>93,970</u>	<u>0</u>
Child and Adult Care Food Program	051300-CCMO-2006/2007	10.558	8,126		8,126	
Total U.S. Department of Agriculture			102,096	25,621	102,096	25,621
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education-State Grant Program	051300-ABS1-2006	84.002	64,468		29,899	
	051300-ABS1-2007	84.002	294,757		294,757	
Total Adult Education-State Grant Program			<u>359,225</u>	<u>0</u>	<u>324,656</u>	<u>0</u>
Vocational Education-Basic Grants to States	051300-20A0-2005	84.048	10,000		18,596	
	051300-20C1-2006	84.048	61,324		62,671	
	051300-20C2-2006	84.048			9,709	
	051300-20C1-2007	84.048	525,389		504,223	
	051300-20C2-2007	84.048	125,764		122,798	
	051300-20A5-2007	84.048	8,300		6,290	
Total Vocational Education-Basic Grants to States			<u>730,777</u>	<u>0</u>	<u>724,287</u>	<u>0</u>
Safe and Drug-Free Schools and Communities-State Grants	051300-DRS1-2006/2007	84.186	1,491		1,750	
State Grants for Innovative Programs	051300-C2-S1-2006/2007	84.298	2,267		4,994	
Improving Teacher Quality State Grants	051300-TRS1-2006	84.367	2,140		2,140	
	051300-TRS1-2007	84.367	6,788		1,726	
Total Improving Teacher Quality State Grants			<u>8,928</u>	<u>0</u>	<u>3,866</u>	<u>0</u>
<i>Direct from United States Department of Education:</i>						
Federal Pell Grant Program	N/A	84.063	279,821		279,821	
Total U.S. Department of Education			<u>1,382,509</u>	<u>0</u>	<u>1,339,374</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,484,605</u>	<u>\$25,621</u>	<u>\$1,441,470</u>	<u>\$25,621</u>

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

**MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION PROGRAM

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

NOTE C – NATIONAL SCHOOL LUNCH PROGRAM

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

NOTE D – TRANSFERS

The Ohio Department of Education (ODE) requires School Districts to record grant funds carried over from one grant period to another grant period as a negative receipt in the original grant fund project-by-year line and as a positive receipt in the subsequent year project line. The Schedule reflects the following transfer due to ODE administrative action:

CFDA Number	Program Title	Pass-Through Entity Number	Transfers Out	Transfers In
84.186	Safe and Drug-Free Schools and Communities	051300-DRS1-2006	\$537	
84.186	Safe and Drug-Free Schools and Communities	051300-DRS1-2007		\$537



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*

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 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 School District'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 School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District'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 School District'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 School District'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 School District'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.

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 20, 2008



Mary Taylor, CPA

Auditor of State

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

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

Compliance

We have audited the compliance of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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www.auditor.state.oh.us

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

February 20, 2008

**MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

MID-EAST CAREER AND TECHNOLOGY CENTERS

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 20, 2008**