



Mary Taylor, CPA  
Auditor of State



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

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# Mary Taylor, CPA

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## 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, 2008, 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, 2008, 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 January 16, 2009, 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.

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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

January 16, 2009

**Mid-East Career and Technology Centers**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2008**  
**Unaudited**

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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, 2008. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year 2008 are as follows:

- In total, net assets of governmental activities increased \$452,771. This represents approximately a three percent increase from 2007.
- General revenues accounted for \$11,178,585 in revenue or 64 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$6,222,053 or 36 percent of total revenues of \$17,400,638.
- Total assets of governmental activities increased by \$1,888,884 due mostly to the increases in property taxes receivable and cash and cash equivalents.
- The School District had \$16,947,867 in expenses related to governmental activities; only \$6,222,053 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$11,178,585 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 \$13,272,776 in revenues and \$12,766,724 in expenditures. The General Fund's balance decreased \$46,203. The Adult Education Special Revenue Fund had \$1,984,629 in revenues and \$2,086,260 in expenditures and the fund balance decreased \$101,631. The Permanent Improvement Capital Projects Fund had \$82,752 in revenues, \$500,000 in other financing sources, \$260,127 in expenditures, and the fund balance increased \$322,625.

**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**  
**For the Fiscal Year Ended June 30, 2008**  
**Unaudited**

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**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 2007-2008 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 8. 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, 2008  
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 2008 compared to 2007.

Table 1  
Net Assets

	Governmental Activities		
	2008	2007	Change
<b>Assets</b>			
Current and Other Assets	\$19,537,237	\$17,459,943	\$2,077,294
Capital Assets	5,076,298	5,264,708	(188,410)
Total Assets	<u>24,613,535</u>	<u>22,724,651</u>	<u>1,888,884</u>
<b>Liabilities</b>			
Long-Term Liabilities	535,253	746,016	(210,763)
Other Liabilities	6,364,174	4,717,298	1,646,876
Total Liabilities	<u>6,899,427</u>	<u>5,463,314</u>	<u>1,436,113</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,000,934	5,206,912	(205,978)
Restricted	1,056,388	1,112,630	(56,242)
Unrestricted	11,656,786	10,941,795	714,991
Total Net Assets	<u>\$17,714,108</u>	<u>\$17,261,337</u>	<u>\$452,771</u>

Total assets increased \$1,888,884. There are two areas that make up the majority of this increase. Property taxes receivable increased by \$753,768 from the prior year. The increase in property taxes receivable was due to an increase in the amounts certified by the individual County Auditors. Cash and cash equivalents increased by \$1,339,119 as a result of the increased depository balances held at fiscal year end.

Total liabilities increased by \$1,436,113. There are two areas that make up the majority of this increase. Deferred revenue increased by \$1,634,156 and long-term liabilities decreased by \$210,763. The increase in deferred revenue was due to the amounts that were certified by the individual County Auditors for property taxes. The majority of the decrease in long-term liabilities is due to a change in accounting estimate dealing with calculating the compensated absences liability. This change resulted in a decrease of \$198,331 in the due in more than one year amount recorded in long-term liabilities.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008, and comparisons to fiscal year 2007.

**Mid-East Career and Technology Centers**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2008**  
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Table 2  
Change in Net Assets

	Governmental Activities		
	2008	2007	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$2,305,630	\$2,014,905	\$290,725
Operating Grants, Contributions, and Interest	3,916,423	3,880,433	35,990
Capital Grants, Contributions, and Interest	0	5,725	(5,725)
Total Program Revenues	<u>6,222,053</u>	<u>5,901,063</u>	<u>320,990</u>
General Revenues:			
Property Taxes	4,449,126	5,314,474	(865,348)
Grants and Entitlements	6,207,387	5,926,491	280,896
Other	522,072	621,207	(99,135)
Total General Revenues	<u>11,178,585</u>	<u>11,862,172</u>	<u>(683,587)</u>
Total Revenues	<u>17,400,638</u>	<u>17,763,235</u>	<u>(362,597)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	1,862,997	1,739,424	123,573
Special	7,515	0	7,515
Vocational	6,483,514	6,819,841	(336,327)
Adult/Continuing	2,091,028	1,776,676	314,352
Support Services:			
Pupils	1,279,181	1,262,295	16,886
Instructional Staff	770,070	825,752	(55,682)
Board of Education	100,182	85,486	14,696
Administration	1,211,428	1,214,750	(3,322)
Fiscal	577,234	562,525	14,709
Business	220,767	214,730	6,037
Operation and Maintenance of Plant	1,447,160	1,243,223	203,937
Pupil Transportation	76,333	97,185	(20,852)
Central	361,421	389,588	(28,167)
Operation of Non-Instructional Services	397,562	380,003	17,559
Extracurricular Activities	58,204	83,551	(25,347)
Interest	3,271	2,646	625
Total Expenses	<u>16,947,867</u>	<u>16,697,675</u>	<u>250,192</u>
Change in Net Assets	452,771	1,065,560	(612,789)
Net Assets Beginning of Year	16,996,352	15,930,792	1,065,560
Prior Period Adjustment	264,985	0	264,985
Net Assets Beginning of Year - Restated (See Note 3)	<u>17,261,337</u>	<u>15,930,792</u>	<u>1,330,545</u>
Net Assets End of Year	<u>\$17,714,108</u>	<u>\$16,996,352</u>	<u>\$452,771</u>

The School District's net assets increased \$452,771. Charges for services increased \$290,725 due to increased enrollment in adult education classes. The largest increase in the general revenue category is an increase in unrestricted grants of \$280,896. This increase is the result of an increase in enrollment which generated additional unrestricted foundation dollars from the state foundation. The decrease in property taxes revenue is due to second half real estate taxes not being collected until mid August resulting in a decrease in the amount available as an advance.

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

The largest fluctuation in expenses is shown in the vocational instruction and adult/continuing programs – a decrease of \$336,627 and an increase of \$314,352, respectively. The decrease in vocational instruction is due to the School District replacing certified employees that left with staff at lower salaries which resulted in a decrease in wages and benefits. The increase in adult/continuing instruction is due to increased wages and benefits as a result of the School District hiring certified staff on an as needed basis depending upon the adult education enrollment during fiscal year 2008.

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 26 percent of revenues for governmental activities in fiscal year 2008. The remaining 74 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from the adult program.

Instructional programs comprise 62 percent of total governmental program expenses. Of the instructional expenses, approximately 62 percent is for vocational instruction, 20 percent is for adult/continuing instruction and 18 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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
<b>Instructional Services:</b>				
Regular	\$1,862,997	\$1,862,997	\$1,739,424	\$1,736,532
Special	7,515	7,515	0	0
Vocational	6,483,514	3,441,667	6,819,841	3,962,708
Adult/Continuing	2,091,028	120,150	1,776,676	(52,334)
<b>Support Services:</b>				
Pupils	1,279,181	997,592	1,262,295	1,013,466
Instructional Staff	770,070	324,985	825,752	353,064
Board of Education	100,182	100,182	85,486	85,486
Administration	1,211,428	1,211,428	1,214,750	1,214,750
Fiscal	577,234	517,565	562,525	507,100
Business	220,767	220,767	214,730	214,730
Operation and Maintenance of Plant	1,447,160	1,446,835	1,243,223	1,243,223
Pupil Transportation	76,333	76,333	97,185	97,185
Central	361,421	316,599	389,588	315,836
Operation of Non-Instructional Services	397,562	23,899	380,003	18,669
Extracurricular Activities	58,204	54,029	83,551	83,551
Interest	3,271	3,271	2,646	2,646
<b>Total Expenses</b>	<b>\$16,947,867</b>	<b>\$10,725,814</b>	<b>\$16,697,675</b>	<b>\$10,796,612</b>

**Mid-East Career and Technology Centers  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

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The dependence upon tax revenues and state subsidies is apparent. Approximately 64 percent of total expenses are supported through taxes and other general revenues.

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's Major Funds***

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,166,130 and expenditures of \$17,011,300. The General Fund net change in fund balance before other financing sources and uses for the year was an increase of \$506,052. This change in fund balance indicates that the School District has met its current obligations for fiscal year 2008. The Adult Education Special Revenue Fund net change in fund balance was a decrease of \$101,631. This change was due to an increase in wages and benefits for employees that were being paid from this adult education program. The Permanent Improvement Capital Projects Fund net change in fund balance before other financing sources and uses for the year was a decrease of \$177,375. This change was due to an increase in capital outlay expenditures for various building improvements.

***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 2008, 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 \$735,259 above the final budgeted amount.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2008, the School District had \$5,076,298 invested in land, construction in progress, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2008 balances compared to 2007.

**Mid-East Career and Technology Centers  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

Table 4  
Capital Assets at June 30

	Governmental Activities	
	2008	2007
Land	\$333,075	\$333,075
Construction in Progress	21,361	0
Buildings and Improvements	4,001,149	4,215,424
Vehicles	115,805	121,008
Machinery, Equipment, Furniture and Fixtures	604,908	595,201
Totals	\$5,076,298	\$5,264,708

See Note 10 for more detailed information of the School District's capital assets.

***Debt***

During fiscal year 2008, the School District entered into two capital lease agreements in the amount of \$41,545. At June 30, 2008, the School District had \$75,364 outstanding for capital leases payable of which \$29,465 is due within one year. Table 5 summarizes the debt activity of the School District for fiscal years 2008 and 2007:

Table 5  
Outstanding Debt, at Year End

	Governmental Activities 2008	Governmental Activities 2007
	2008	2007
Governmental Activities: Capital Leases Payable	\$75,364	\$57,796

Capital leases are paid from the General Fund. See Notes 16 and 17 for more detailed information about the School District's debt.

**Economic Factors**

During fiscal year 2008, General Fund revenues exceeded General Fund expenditures by \$506,052, but there were other financing sources and uses that reduced the fund balance by \$552,255. 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 the 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](mailto:rwhite@mid-east.k12.oh.us).

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Mid-East Career and Technology Centers, Ohio  
Statement of Net Assets  
June 30, 2008

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$12,963,752
Accounts Receivable	104,563
Intergovernmental Receivable	178,554
Inventory Held for Resale	8,355
Materials and Supplies Inventory	80,014
Prepaid Items	88,085
Property Taxes Receivable	5,838,957
Payment in Lieu of Taxes Receivable	274,957
Nondepreciable Capital Assets	354,436
Depreciable Capital Assets, Net	4,721,862
Total Assets	24,613,535
<b>Liabilities</b>	
Accounts Payable	43,170
Accrued Wages and Benefits Payable	1,186,289
Matured Compensated Absences Payable	14,273
Intergovernmental Payable	393,773
Claims Payable	12,640
Deferred Revenue	4,615,862
Vacation Benefits Payable	98,167
Long-Term Liabilities:	
Due Within One Year	89,465
Due In More Than One Year	445,788
Total Liabilities	6,899,427
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	5,000,934
Restricted for:	
Capital Projects	42,572
Set Asides	45,566
Adult Education	866,861
Other Purposes	101,389
Unrestricted	11,656,786
Total Net Assets	\$17,714,108

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, 2008

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$1,862,997	\$0	\$0	(\$1,862,997)
Special	7,515	0	0	(7,515)
Vocational	6,483,514	606,495	2,435,352	(3,441,667)
Adult/Continuing	2,091,028	1,265,944	704,934	(120,150)
Support Services:				
Pupils	1,279,181	0	281,589	(997,592)
Instructional Staff	770,070	178,722	266,363	(324,985)
Board of Education	100,182	0	0	(100,182)
Administration	1,211,428	0	0	(1,211,428)
Fiscal	577,234	44,680	14,989	(517,565)
Business	220,767	0	0	(220,767)
Operation and Maintenance of Plant	1,447,160	325	0	(1,446,835)
Pupil Transportation	76,333	0	0	(76,333)
Central	361,421	0	44,822	(316,599)
Operation of Non-Instructional Services:				
Food Service Operations	397,562	205,289	165,630	(26,643)
Other Non-Instructional Services	0	0	2,744	2,744
Extracurricular Activities	58,204	4,175	0	(54,029)
Interest	3,271	0	0	(3,271)
<b>Total Governmental Activities</b>	<b>\$16,947,867</b>	<b>\$2,305,630</b>	<b>\$3,916,423</b>	<b>(10,725,814)</b>
<b>General Revenues</b>				
				4,449,126
Property Taxes Levied for General Purposes				
Grants and Entitlements not Restricted to Specific Programs				6,207,387
Investment Earnings				458,959
Gain on Sale of Capital Assets				200
Miscellaneous				62,913
<b>Total General Revenues</b>				<b>11,178,585</b>
				452,771
Change in Net Assets				
				17,261,337
Net Assets Beginning of Year - Restated (See Note 3)				
				\$17,714,108
Net Assets End of Year				

See accompanying notes to the basic financial statements



Mid-East Career and Technology Centers, Ohio

Balance Sheet  
Governmental Funds  
June 30, 2008

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$8,641,472	\$831,346	\$2,774,616	\$655,807	\$12,903,241
Inventory Held for Resale	0	0	0	8,355	8,355
Materials and Supplies Inventory	73,100	0	0	6,914	80,014
Accounts Receivable	358	97,038	0	7,167	104,563
Intergovernmental Receivable	27,984	61,213	0	89,357	178,554
Interfund Receivable	30,000	0	0	0	30,000
Prepaid Items	69,702	14,100	0	4,283	88,085
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	48,544	0	0	0	48,544
Payment In Lieu of Taxes Receivable	274,957	0	0	0	274,957
Property Taxes Receivable	5,838,957	0	0	0	5,838,957
<b>Total Assets</b>	<b>\$15,005,074</b>	<b>\$1,003,697</b>	<b>\$2,774,616</b>	<b>\$771,883</b>	<b>\$19,555,270</b>
<b>Liabilities</b>					
Accounts Payable	\$35,051	\$8,029	\$0	\$90	\$43,170
Accrued Wages and Benefits Payable	995,468	78,961	0	111,860	1,186,289
Matured Compensated Absences Payable	14,273	0	0	0	14,273
Intergovernmental Payable	324,900	34,529	0	34,344	393,773
Interfund Payable	0	0	0	30,000	30,000
Deferred Revenue	5,622,386	86,186	0	91,115	5,799,687
<b>Total Liabilities</b>	<b>6,992,078</b>	<b>207,705</b>	<b>0</b>	<b>267,409</b>	<b>7,467,192</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	278,347	3,029	7,805	2,380	291,561
Reserved for Unclaimed Monies	2,978	0	0	0	2,978
Reserved for Budget Stabilization	45,566	0	0	0	45,566
Reserved for Property Taxes	491,528	0	0	0	491,528
Unreserved:					
Designated:					
Designated for Budget Stabilization	128,102	0	0	0	128,102
Undesignated, Reported in:					
General Fund	7,066,475	0	0	0	7,066,475
Special Revenue Funds	0	792,963	0	459,522	1,252,485
Capital Projects Funds	0	0	2,766,811	42,572	2,809,383
<b>Total Fund Balances</b>	<b>8,012,996</b>	<b>795,992</b>	<b>2,774,616</b>	<b>504,474</b>	<b>12,088,078</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$15,005,074</b>	<b>\$1,003,697</b>	<b>\$2,774,616</b>	<b>\$771,883</b>	

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. 5,076,298

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

Property Taxes	731,567	
Revenue in Lieu of Taxes	274,957	
Tuition and Fees	32,140	
Grants	145,161	
<b>Total Other Long-Term Assets</b>		1,183,825

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. (673)

Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds. (98,167)

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

Capital Leases Payable	(75,364)	
Compensated Absences	(459,889)	
<b>Total Long-Term Liabilities</b>		(535,253)
<b>Net Assets of Governmental Activities</b>		<b>\$17,714,108</b>

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, 2008

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$4,264,742	\$0	\$0	\$0	\$4,264,742
Payment in Lieu of Taxes	37,818	0	0	0	37,818
Intergovernmental	8,135,789	472,854	0	1,400,759	10,009,402
Interest	375,967	32,445	82,752	5,908	497,072
Tuition and Fees	51,081	1,479,330	0	207,309	1,737,720
Rent	325	0	0	0	325
Charges for Services	350,849	0	0	205,289	556,138
Miscellaneous	56,205	0	0	6,708	62,913
<b>Total Revenues</b>	<b>13,272,776</b>	<b>1,984,629</b>	<b>82,752</b>	<b>1,825,973</b>	<b>17,166,130</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	1,881,572	0	0	1,415	1,882,987
Special	0	7,515	0	0	7,515
Vocational	5,800,494	0	0	688,640	6,489,134
Adult/Continuing	8,051	1,775,908	0	298,694	2,082,653
Support Services:					
Pupils	994,850	0	0	272,015	1,266,865
Instructional Staff	314,584	255,626	0	201,477	771,687
Board of Education	98,938	0	0	0	98,938
Administration	1,231,510	0	0	0	1,231,510
Fiscal	536,011	47,211	0	0	583,222
Business	206,698	0	0	0	206,698
Operation and Maintenance of Plant	1,213,657	0	0	0	1,213,657
Pupil Transportation	52,414	0	0	0	52,414
Central	304,132	0	0	45,185	349,317
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	387,579	387,579
Extracurricular Activities	55,020	0	0	3,184	58,204
Capital Outlay	41,545	0	260,127	0	301,672
Debt Service:					
Principal Retirement	23,977	0	0	0	23,977
Interest and Fiscal Charges	3,271	0	0	0	3,271
<b>Total Expenditures</b>	<b>12,766,724</b>	<b>2,086,260</b>	<b>260,127</b>	<b>1,898,189</b>	<b>17,011,300</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>506,052</b>	<b>(101,631)</b>	<b>(177,375)</b>	<b>(72,216)</b>	<b>154,830</b>
<b>Other Financing Sources (Use)</b>					
Proceeds from Sale of Capital Assets	200	0	0	0	200
Transfers In	0	0	500,000	74,000	574,000
Transfers Out	(594,000)	0	0	0	(594,000)
Inception of Capital Lease	41,545	0	0	0	41,545
<b>Total Other Financing Sources (Use)</b>	<b>(552,255)</b>	<b>0</b>	<b>500,000</b>	<b>74,000</b>	<b>21,745</b>
<b>Net Change in Fund Balances</b>	<b>(46,203)</b>	<b>(101,631)</b>	<b>322,625</b>	<b>1,784</b>	<b>176,575</b>
<b>Fund Balances Beginning of Year - Restated (See Note 3)</b>	<b>8,059,199</b>	<b>897,623</b>	<b>2,451,991</b>	<b>502,690</b>	<b>11,911,503</b>
<b>Fund Balances End of Year</b>	<b>\$8,012,996</b>	<b>\$795,992</b>	<b>\$2,774,616</b>	<b>\$504,474</b>	<b>\$12,088,078</b>

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, 2008

Net Change in Fund Balances - Total Governmental Funds		\$176,575
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
	Capital Asset Additions	172,811
	Current Year Depreciation	<u>(357,189)</u>
		(184,378)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a loss has been reported which represents the net carrying value of the assets at the time of disposal.		
		(4,032)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
	Property Taxes	184,384
	Payment in Lieu of Taxes	(37,818)
	Tuition and Fees	11,447
	Grants	<u>76,055</u>
		234,068
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.		
		23,977
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.		
		(41,545)
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	228,331
	Vacation Benefits	<u>14,529</u>
		242,860
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.		
		<u>5,246</u>
Change in Net Assets of Governmental Activities		<u><u>\$452,771</u></u>

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$5,441,234	\$5,125,152	\$5,329,514	\$204,362
Payment in Lieu of Taxes	59,114	62,000	37,818	(24,182)
Intergovernmental	7,615,811	7,987,617	8,113,452	125,835
Interest	381,381	400,000	378,657	(21,343)
Tuition and Fees	48,703	51,081	51,081	0
Rentals	0	0	325	325
Charges for Services	329,179	345,250	350,849	5,599
Miscellaneous	27,078	28,400	54,161	25,761
<b>Total Revenues</b>	<b>13,902,500</b>	<b>13,999,500</b>	<b>14,315,857</b>	<b>316,357</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	1,738,295	1,777,648	1,800,701	(23,053)
Vocational	6,403,488	6,459,066	6,103,087	355,979
Adult/Continuing	9,763	9,900	9,776	124
Support Services:				
Pupils	1,039,981	1,030,001	1,000,064	29,937
Instructional Staff	385,132	388,374	333,310	55,064
Board of Education	110,958	114,512	103,409	11,103
Administration	1,243,738	1,228,812	1,268,797	(39,985)
Fiscal	538,111	518,650	538,053	(19,403)
Business	218,696	221,760	249,441	(27,681)
Operation and Maintenance of Plant	1,244,493	1,295,928	1,239,286	56,642
Pupil Transportation	55,299	56,074	61,258	(5,184)
Central	312,504	317,682	320,530	(2,848)
Operation of Non-Instructional Services	986	1,000	0	1,000
Extracurricular Activities	86,511	87,723	55,160	32,563
Debt Service:				
Principal Retirement	23,977	23,977	23,977	0
Interest and Fiscal Charges	3,271	3,271	3,271	0
<b>Total Expenditures</b>	<b>13,415,203</b>	<b>13,534,378</b>	<b>13,110,120</b>	<b>424,258</b>
<b>Excess of Revenues Over Expenditures</b>	<b>487,297</b>	<b>465,122</b>	<b>1,205,737</b>	<b>740,615</b>
<b>Other Financing Sources (Uses)</b>				
Advances In	80,000	80,000	80,000	0
Proceeds from Sale of Capital Assets	200	200	200	0
Refund of Prior Year Expenditures	6,000	6,000	644	(5,356)
Advances Out	(64,000)	(30,000)	(30,000)	0
Transfers Out	(472,000)	(594,000)	(594,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(449,800)</b>	<b>(537,800)</b>	<b>(543,156)</b>	<b>(5,356)</b>
<b>Net Change in Fund Balance</b>	<b>37,497</b>	<b>(72,678)</b>	<b>662,581</b>	<b>735,259</b>
<b>Fund Balance Beginning of Year</b>	<b>7,534,789</b>	<b>7,534,789</b>	<b>7,534,789</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>110,173</b>	<b>110,173</b>	<b>110,173</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$7,682,459</b>	<b>\$7,572,284</b>	<b>\$8,307,543</b>	<b>\$735,259</b>

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$460,133	\$503,171	\$472,854	(\$30,317)
Interest	0	0	33,127	33,127
Tuition and Fees	2,055,173	2,247,402	1,492,819	(754,583)
<b>Total Revenues</b>	<b>2,515,306</b>	<b>2,750,573</b>	<b>1,998,800</b>	<b>(751,773)</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing	2,258,594	2,434,441	1,781,746	652,695
Support Services:				
Instructional Staff	301,853	325,354	257,264	68,090
Fiscal	52,790	56,900	47,217	9,683
<b>Total Expenditures</b>	<b>2,613,237</b>	<b>2,816,695</b>	<b>2,086,227</b>	<b>730,468</b>
Net Change in Fund Balance	(97,931)	(66,122)	(87,427)	(21,305)
Fund Balance Beginning of Year	905,414	905,414	905,414	0
Prior Year Encumbrances Appropriated	5,089	5,089	5,089	0
<b>Fund Balance End of Year</b>	<b>\$812,572</b>	<b>\$844,381</b>	<b>\$823,076</b>	<b>(\$21,305)</b>

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, 2008

**Current Assets**

Cash and Cash Equivalents in Segregated Accounts	<u>\$11,967</u>
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Total Assets	<u>11,967</u>
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**Current Liabilities**

Claims Payable	<u>12,640</u>
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Total Liabilities	<u>12,640</u>
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**Net Assets**

Unrestricted (Deficit)	<u><u>(\$673)</u></u>
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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, 2008

<b>Operating Revenues</b>	
Charges for Services	\$103,625
<b>Operating Expenses</b>	
Purchased Services	7,622
Claims	<u>110,997</u>
Total Operating Expenses	<u>118,619</u>
Operating Loss	(14,994)
<b>Non-Operating Revenue</b>	
Interest	<u>240</u>
Loss Before Transfers	<u>(14,754)</u>
Transfers In	20,000
Change in Net Assets	<u>5,246</u>
Net Assets (Deficit) Beginning of Year	<u>(5,919)</u>
Net Assets (Deficit) End of Year	<u><u>(\$673)</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, 2008

**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from Interfund Services Provided	\$103,625
Cash Payments for Goods and Services	(7,622)
Cash Payments for Claims	(111,741)
	(111,741)

Net Cash Used for Operating Activities (15,738)

**Cash Flows from Noncapital Financing Activities**

Transfers In 20,000

**Cash Flows from Investing Activities**

Interest on Investments 240

Net Increase in Cash and Cash Equivalents 4,502

Cash and Cash Equivalents Beginning of Year 7,465

Cash and Cash Equivalents End of Year \$11,967

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

Operating Loss (\$14,994)

**Changes in Assets and Liabilities**

Decrease in Claims Payable (744)

Net Cash Used for Operating Activities (\$15,738)

See accompanying notes to the basic financial statements



Mid-East Career and Technology Centers, Ohio  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2008

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$116	\$58,534
Investments	478,564	0
Total Assets	478,680	\$58,534
<b>Liabilities</b>		
Due to Students	0	\$58,534
Total Liabilities	0	\$58,534
<b>Net Assets</b>		
Endowments	35,000	
Held in Trust for Students	443,680	
Total Liabilities	\$478,680	

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, 2008

	Private Purpose Trust
<b>Additions</b>	
Interest	\$3,746
Decrease in Fair Value of Investments	(33,535)
Total Additions	(29,789)
<b>Deductions</b>	
Payments for Scholarships	3,700
Change in Net Assets	(33,489)
Net Assets Beginning of Year	512,169
Net Assets End of Year	\$478,680

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, 2008

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**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 fifteen certified teaching personnel who provide services to nine hundred ninety 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, 2008

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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 of 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 18.

**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 School District, however, has no business-type activities.

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, 2008

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***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 12).

***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.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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**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 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.

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Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of 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 7). 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.

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, late June personal property tax, 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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

The 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, except a portion 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.

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During fiscal year 2008, the School District's investments were limited to federal agency securities, stocks, repurchase agreements, non-participating certificates of deposit, and STAROhio. Repurchase agreements and non-participating certificates of deposit 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 STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

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 School District distributes interest to the General Fund, Permanent Improvement Capital Projects Fund, Adult Education, Fox Scholarship, and Food Service Special Revenue Funds, Rogge Trust Scholarship Private Purpose Trust Fund, and the Self-Insurance Fund. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$375,967, which includes \$59,562 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the 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, 2008, 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.



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

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

***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 seventeen 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.

Mid-East Career and Technology Centers, Ohio  
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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 are eliminated on the government wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function 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.

***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 20 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.

Mid-East Career and Technology Centers, Ohio  
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***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 \$1,056,388 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.

***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.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
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***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.

**Note 3 - Change in Accounting Principles, Restatement of Fund Balance/Net Assets, and Change in Accounting Estimate**

***A. Change in Accounting Principles***

For 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans in the amount of \$8,354 and \$6,955, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

Mid-East Career and Technology Centers, Ohio  
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GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

***B. Restatement of Fund Balance/Net Assets***

During 2008, the School District determined that payment in lieu of taxes receivable and a portion of the associated deferred revenue were misstated. These adjustments had the following effect on fund balance/net assets as previously reported at June 30, 2007.

	General Fund
General Fund Balance as Previously Reported	\$8,106,989
Deferred Revenue	(\$47,790)
Adjusted General Fund Balance, June 30, 2007	\$8,059,199
	Governmental Activities
Governmental Activities Net Assets as Previously Reported	\$16,996,352
Deferred Revenue	264,985
Adjusted Governmental Activities Net Assets, June 30, 2007	\$17,261,337

***C. Change in Accounting Estimate***

The School District utilizes the vesting method when determining its compensated absences liability. Prior to fiscal year 2008, the school district estimated that those employees with ten or more years of service time and within ten years of retirement were likely to eventually become eligible for a severance payout and, therefore, a compensated absences liability was accrued. For fiscal year 2008, the School District management revised its service time estimate from ten years to seventeen years, based upon a more recent analysis of payroll data. This change resulted in a decrease of \$203,800 in the long-term compensated absences liability and a corresponding decrease in expenses on the Government Wide Financial Statements.

**Note 4 - Accountability**

At June 30, 2008, the Vocational Education Special Revenue Fund and the Dental Self-Insurance Internal Service Fund had deficit fund balance/net assets in the amount of \$72,303 and \$673, respectively. These deficits are 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.

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**Note 5 - 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:

Net Change in Fund Balance

	<u>General</u>	<u>Adult Education</u>
GAAP Basis	(\$46,203)	(\$101,631)
Net Adjustment for Revenue Accruals	1,034,039	13,292
Unrecorded Cash - Prior Year	2,531	298
Unrecorded Cash - Current Year	(12,749)	(1,064)
Increase in Market Value of Investments - Prior Year	20,485	1,693
Increase in Market Value of Investments - Current Year	(581)	(48)
Prepaid Items - Prior Year	41,592	2,659
Prepaid Items - Current Year	(69,702)	(14,100)
Net Adjustment for Expenditure Accruals	24,941	19,949
Advances In	80,000	0
Advances Out	(30,000)	0
Encumbrances	(381,772)	(8,475)
Budget Basis	\$662,581	(\$87,427)

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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**Note 6 - 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 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 (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

Mid-East Career and Technology Centers, Ohio  
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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, \$8,585,175 of the School District's bank balance of \$9,169,148 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.

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Mid-East Career and Technology Centers, Ohio  
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**Investments:** As of June 30, 2008, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>S&amp;P Rating</u>	<u>Percent of Total Investments</u>
Federal Home Loan Mortgage Corporation - Term Notes	\$402,112	11/15/2012	AAA	9.02%
Federal Home Loan Mortgage Corporation - Term Notes	201,140	12/15/2012	AAA	4.51%
Federal National Mortgage Association - Term Notes	199,250	1/14/2013	AAA	4.47%
Federal Farm Credit Bank Bond	197,750	2/4/2013	AAA	4.44%
Federal Home Loan Bank Bond	394,252	2/6/2013	AAA	8.85%
Federal National Mortgage Association - Term Notes	497,345	2/6/2013	AAA	11.16%
Federal Home Loan Mortgage Corporation - Term Notes	201,188	6/12/2013	AAA	4.52%
Federal Home Loan Bank Bond	150,375	8/8/2008	AAA	3.37%
Federal Home Loan Bank Bond	175,821	9/12/2008	AAA	3.95%
Federal Home Loan Bank Bond	170,903	11/17/2008	AAA	3.84%
Federal Home Loan Bank Bond	151,359	11/21/2008	AAA	3.40%
Federal Home Loan Bank Bond	149,438	5/28/2009	AAA	3.35%
Federal Home Loan Bank Bond	169,522	5/28/2009	AAA	3.80%
Federal Home Loan Mortgage Corporation - Agency Note	164,977	9/16/2009	AAA	3.70%
Federal Home Loan Mortgage Corporation - Discount Note	154,535	8/18/2008	AAA	3.47%
Federal Home Loan Mortgage Corporation - Discount Note	345,628	6/22/2009	AAA	7.76%
Repurchase Agreement	115,412	1 Day	AAA	2.59%
Massachusetts Investors Trust - Domestic Conservative Stock	478,564	N/A	N/A	10.74%
STAROhio	<u>136,108</u>	Average 53.8 days	AAAm	3.05%
Total	<u><u>\$4,455,679</u></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.

Mid-East Career and Technology Centers, Ohio  
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Credit Risk

STAROhio carries a rating of AAAM by Standard and Poors. 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 7 - 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 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, 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 2008 represent collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected in 2008 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 2008 (other than public utility property tax) represents the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. 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 2008 is 6.25 percent 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.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. 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, 2008 are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Mid-East Career and Technology Centers, Ohio  
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Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008, 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, 2008, \$480,625 was available as an advance in the General Fund. The amount available as an advance at June 30, 2007, was \$1,556,300 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 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$2,310,759,330	87.62%	\$2,389,192,920	90.32%
Public Utility Personal	190,535,260	7.22%	177,177,670	6.70%
General Business Personal	136,212,088	5.16%	78,871,028	2.98%
<b>Total</b>	<b>\$2,637,506,678</b>	<b>100.00%</b>	<b>\$2,645,241,618</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

**Note 8 - Receivables**

Receivables at June 30, 2008, 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. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$731,567 may not be collected within one year.

Payment in lieu of taxes represents monies from companies entering into agreements with an individual County for the purpose of construction and construction improvements. To encourage these improvements, the companies are granted an exemption from real and personal property taxes for a certain period by making direct annual payments to the County. The company is required to make annual payments, representing payments in lieu of taxes, which will be a certain percentage of the amount of real and personal property taxes that would have been received if the exemption had not been granted relating to the project. The individual member school district have agreed to these projects and are being made whole for lost real and personal property taxes by receiving payments in lieu of taxes in an amount equal to the real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreement.

The School District receives payment in lieu of taxes from multiple Tax Increment Financing Agreements that were entered into between the individual member school districts and corporations. These payments will be received based on each individual agreement and at June 30, 2008, the agreements range from ten to thirteen years.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

A summary of principal items of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities:</b>	
General Fund	\$4,410
Adult Education Grant	61,213
Title V	1,493
Title IV-A	188
ABLE Grant	10,848
Carl D. Perkins Secondary Grant	67,706
Carl D. Perkins Adult Grant	1,375
Post Secondary Grant	3,587
Dropout Prevention Recovery Grant	1,822
Title II-A	2,338
SF-3 School Foundation Adjustment	22,337
Morgan County Auditor	1,237
Total	\$178,554

**Note 9 - Interfund Balances**

At June 30, 2008, the General Fund had an interfund receivable from the Miscellaneous Federal Grants Special Revenue Fund in the amount of \$30,000 on the balance sheet. This transaction is the result of an interfund loan used to provide cash flow resources until the receipt of grant monies.

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<b>Nondepreciable Capital Assets</b>				
Land	\$333,075	\$0	\$0	\$333,075
Construction in Progress	0	21,361	0	21,361
Total Nondepreciable Assets	333,075	21,361	0	354,436
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	10,787,707	0	0	10,787,707
Vehicles	439,406	23,104	(22,931)	439,579
Machinery, Equipment, Furniture and Fixtures	1,825,540	128,346	(52,523)	1,901,363
Total Capital Assets Being Depreciated	13,052,653	151,450	(75,454)	13,128,649
Less Accumulated Depreciation:				
Buildings and Improvements	(6,572,283)	(214,275)	0	(6,786,558)
Vehicles	(318,398)	(28,307)	22,931	(323,774)
Machinery, Equipment, Furniture and Fixtures	(1,230,339)	(114,607)	48,491	(1,296,455)
Total Accumulated Depreciation	(8,121,020)	(357,189) *	71,422	(8,406,787)
Total Capital Assets Being Depreciated, Net	4,931,633	(205,739)	(4,032)	4,721,862
Total Capital Assets Being Depreciated, Net Governmental Activities Capital Assets, Net	\$5,264,708	(\$184,378)	(\$4,032)	\$5,076,298

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$13,360
Vocational	149,999
Adult/Continuing	24,820
Support Services:	
Pupils	4,172
Instructional Staff	9,399
Board of Education	1,244
Administration	26,786
Fiscal	5,545
Business	11,528
Operation and Maintenance of Plant	65,200
Pupil Transportation	23,919
Central	11,540
Non-Instructional Services - Food Service Operations	9,677
Total Governmental Depreciation	<u><u>\$357,189</u></u>

**Note 11 - Interfund Transfers**

Interfund transfers for the year ended June 30, 2008 consisted of the following:

Transfer From	Transfers To			Total
	Permanent Improvement	Other Nonmajor Governmental	Self-Insurance Fund	
General Fund	\$500,000	\$74,000	\$20,000	\$594,000
	\$500,000	\$74,000	\$20,000	\$594,000

The School District transferred \$500,000 from the General Fund to the Permanent Improvement Capital Projects Fund to keep a working balance in the fund. The School District also transferred \$30,000 to the Food Service Fund to provide the fund with a positive balance, and \$44,000 was transferred to the Severance Special Revenue Fund to cover the School District's severance costs in future fiscal years. The School District transferred \$20,000 to the Dental Self-Insurance Fund due to claims exceeding revenues.

**Note 12 - 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 2008, the School District contracted with Utica National Insurance Group, through The Young Insurance Agency, for property, boiler and machinery, inland marine, crime insurance, general liability insurance, and fleet insurance. Coverage is as follows:

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

Building and Contents-replacement cost	\$32,042,168	Blanket
Inland Marine		
Data Processing	50,182	\$500 deductible
Builders' Risk	70,000	\$1,000 deductible
Valuable Papers and Records	100,000	\$500 deductible
Miscellaneous School Equipment	500,000	\$500 deductible
Crime Insurance		
Employee Theft	100,000	\$500 deductible
Forgery or Alteration	100,000	\$500 deductible
Money & Securities	25,000	\$500 deductible
General Liability		
Per Occurrence	1,000,000	n/a
Aggregate Per Year	3,000,000	n/a
Medical Expense	5,000	n/a
Fleet Insurance		
Per Occurrence	1,000,000	\$1,000 deductible
Aggregate Per Year	3,000,000	n/a
Medical Expense	5,000	n/a
Garagekeepers Comprehensive	60,000	\$1,000 deductible
Garagekeepers Collision	60,000	\$500 deductible

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

***B. Workers' Compensation***

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the 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. Dental Insurance***

The School District provides dental coverage through a self-insurance internal service fund. The School District contracts with ALR to provide third-party administration services to the self-insurance plan. 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 \$12,640 reported in the internal service fund at June 30, 2008 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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Changes in the fund's claims liability amount in 2007 and 2008 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$11,600	\$119,188	\$117,404	\$13,384
2008	13,384	110,997	111,741	12,640

**Note 13 - 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 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 280 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 \$1,785.79 for family coverage and \$714.33 for single coverage. The Board pays 85.65 percent of these premiums and the employees are responsible for 14.35 percent of family coverage. The Board pays 85.69 percent of the premiums and employees are responsible for 14.31 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 14 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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Funding Policy - 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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$160,973, \$173,549, and \$179,770, respectively; 88 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006. \$19,308 represents the unpaid contribution for fiscal year 2008.

***B. State Teachers Retirement System***

Plan Description - 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 to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://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 a member's lifetime 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.



Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007, and 2006 were \$914,655, \$899,714, and \$897,799 respectively; 88 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$2,350 made by the School District and \$13,409 made by the plan members. \$109,609 represents the unpaid contribution for fiscal year 2008.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, there are seven employees who have elected Social Security.

**Note 15 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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The School District's contributions for health care , including the surcharge, for the fiscal years ended June 30, 2008, 2007, and 2006 were \$108,604, \$92,328, and \$97,600 respectively; 88 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$11,599, \$11,801, and \$14,308 respectively; 88 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

***B. State Teachers Retirement System***

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$70,539, \$69,209, and \$69,061 respectively; 88 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**Note 16 - 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. In fiscal year 2008, the School District entered into capitalized leases for a mailing machine and a copier in the amounts of \$17,924 and \$20,739, respectively. These leases 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 2008 totaled \$23,977. The equipment was originally capitalized in the amount of \$161,365, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2008 was \$51,968, and the book value was \$109,397.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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, 2008:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$29,465	\$4,868	\$34,333
2010	14,658	3,647	18,305
2011	15,672	2,141	17,813
2012	9,281	997	10,278
2013	6,288	207	6,495
Present Value of Net Minimum Lease Payments	\$75,364	\$11,860	\$87,224

**Note 17 - Long-Term Obligations**

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

	Principal Outstanding 06/30/07	Change in Accounting Estimate	Additions	Reductions	Principal Outstanding 06/30/08	Amounts Due within One Year
<b>Governmental Activities:</b>						
Capital Leases Payable	\$57,796	\$0	\$41,545	(\$23,977)	\$75,364	\$29,465
Compensated Absences	688,220	(203,800)	62,196	(86,727)	459,889	60,000
Total Governmental Activities						
Long-Term Liabilities	\$746,016	(\$203,800)	\$103,741	(\$110,704)	\$535,253	\$89,465

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, 2008, was \$237,996,382, with an unvoted debt margin of \$2,569,878.

**Note 18 - 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, 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 2008 was \$47,600. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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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 Council 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 Council 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 Council. The School District's membership fee was \$300 for fiscal year 2008.

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 \$511 for fiscal year 2008.

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 2008, the School District made a payment of \$396 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's enrollment fee was \$3,437 for fiscal year 2008.

Mid-East Career and Technology Centers, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

**Note 19 - 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, 2008.

**B. Litigation**

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

**Note 20 - 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, 2007	\$0	\$0	\$45,566
Carry over from prior year	(1,223,827)	0	0
Current year set-aside requirement	163,218	163,218	0
Current year offsets	0	(500,000)	0
Qualifying disbursements	(335,123)	(325,384)	0
<b>Total</b>	<b>(\$1,395,732)</b>	<b>(\$662,166)</b>	<b>\$45,566</b>
Set-aside balance carried forward to future fiscal years	(\$1,395,732)	\$0	\$0
Set-aside reserve balance as of June 30, 2008	\$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, 2008**

<b>FEDERAL GRANTOR/ Pass Through Grantor/ Program Title</b>	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
National School Lunch Program - Non-Cash Assistance (Food Distribution)	N/A	10.555	\$22,634	\$22,634
National School Lunch Program - Cash Assistance	051300-LLP4-2008		131,285	131,285
Total National School Lunch Program			<u>153,919</u>	<u>153,919</u>
Child and Adult Care Food Program	051300-CCMO-2008	10.558	9,473	9,473
Total U.S. Department of Agriculture			163,392	163,392
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - State Grant Program	051300-ABS1-2008	84.002	231,266	231,266
Career & Technical Education - Basic Grants to States	051300-20A0-2008	84.048	16,220	19,915
	051300-20C1-2007		45,448	66,614
	051300-20C2-2007			2,966
	051300-20C2-2008		124,428	122,038
	051300-20A5-2008		18,155	19,977
	051300-20C2-2008		481,970	465,168
	051300-20A5-2007			2,010
Total Career and Technical Education-Basic Grants to States			<u>686,221</u>	<u>698,688</u>
Safe and Drug-Free Schools and Communities - State Grants	051300-DRS1-2008	84.186	2,421	2,259
State Grants for Innovative Programs	051300-C2-S1-2008	84.298	2,238	1,874
Improving Teacher Quality State Grants	051300-TRS1-2007	84.367		2,500
	051300-TRS1-2006		2,554	4,671
Total Improving Teacher Quality State Grants			<u>2,554</u>	<u>7,171</u>
<i>Direct from United States Department of Education:</i>				
Federal Pell Grant Program	N/A	84.063	371,799	371,799
Total U.S. Department of Education			<u>1,296,499</u>	<u>1,313,057</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$1,459,891</u></b>	<b><u>\$1,476,449</u></b>

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, 2008**

**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 – CHILD NUTRITION CLUSTER**

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

**NOTE C – 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 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-DRS1-2007	\$278	
84.186	Safe and Drug-Free Schools and Communities	051300-DRS1-2008		\$278
84.298	State Grants for Innovative Programs	051300-C2S1-2007	2,562	
84.298	State Grants for Innovative Programs	051300-C2S1-2008		2,562
84.367	Improving Teacher Quality State Grants	051300-TRS1-2007	278	
84.367	Improving Teacher Quality State Grants	051300-TRS1-2008		278
Totals			\$3,118	\$3,118





# 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, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 16, 2009. 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

January 16, 2009



# 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, 2008. 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, 2008.

#### 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](http://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

January 16, 2009

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2008**

**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):	Career and Technical 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  
FEBRUARY 10, 2009**