



Dave Yost • Auditor of State



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Career and Technology Education Centers  
Licking County  
150 Price Road  
Newark, Ohio 43055

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Career and Technology Education Centers, Licking County, Ohio, (the Center), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

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 Career and Technology Education Centers, Licking County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Center's basic financial statements taken as a whole.

The Federal Awards Receipts and Expenditures Schedule presents additional analysis as required by the 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 financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2014, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 3, 2014

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## **Career and Technology Education Centers of Licking County, Ohio**

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013 Unaudited*

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The discussion and analysis of the Career and Technology Education Centers of Licking County's (C-TEC) financial performance provides an overall review of C-TEC's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at C-TEC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of C-TEC's financial performance.

#### **Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

- Net position of governmental activities increased \$255,549.
- Capital assets decreased \$689,852 primarily due to current year depreciation.
- General revenues accounted for \$12,191,642 or 71 percent of total revenues of \$17,174,064. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$4,982,422, or 29 percent of total revenues.
- C-TEC had \$16,918,515 in expenses related to governmental activities; only \$4,982,422 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$12,191,642 were adequate to provide for these activities.

#### **Using this Annual Financial Report**

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

The Statement of Net Position and Statement of Activities provide information about the activities of C-TEC as a whole, presenting both an aggregate view of C-TEC'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 C-TEC's most significant funds with all other non-major funds presented in total in one column.

#### ***Reporting C-TEC as a Whole***

#### **Statement of Net Position and Statement of Activities**

While this document contains information about the large number of funds used by C-TEC to provide programs and activities for students, the view of C-TEC as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position 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.

## **Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

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These two statements report C-TEC's net position and changes in position. This change in net position is important because it tells the reader that, for C-TEC as a whole, the financial position of C-TEC has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include C-TEC'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 Position and the Statement of Activities, all of C-TEC's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

### ***Reporting C-TEC's Most Significant Funds***

#### *Fund Financial Statements*

The analysis of C-TEC's major funds begins on page 9. Fund financial reports provide detailed information about C-TEC's major funds. C-TEC uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on C-TEC's most significant funds. C-TEC's major governmental funds are the General Fund, Adult Education Special Revenue Fund, and Bond Retirement Debt Service Fund.

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

### **C-TEC as a Whole**

Recall that the Statement of Net Position provides the perspective of C-TEC as a whole. Table 1 provides a summary of C-TEC's net position for 2013 compared to 2012.

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

**Table 1  
Net Position**

	Governmental Activities		
	2013	2012	Change
<b>Assets</b>			
Current and Other Assets	\$18,672,285	\$17,874,264	\$798,021
Capital Assets	35,724,328	36,414,180	(689,852)
<b>Total Assets</b>	<b>54,396,613</b>	<b>54,288,444</b>	<b>108,169</b>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	0	1,508,127	(1,508,127)
<b>Liabilities</b>			
Long-Term Liabilities	27,051,675	28,577,470	(1,525,795)
Other Liabilities	1,273,513	1,410,062	(136,549)
<b>Total Liabilities</b>	<b>28,325,188</b>	<b>29,987,532</b>	<b>(1,662,344)</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	7,824,273	7,817,436	6,837
<b>Net Position</b>			
Net Investment in Capital Assets	9,963,866	11,196,970	(1,233,104)
Restricted	1,202,427	1,554,644	(352,217)
Unrestricted	7,080,859	5,239,989	1,840,870
<b>Total Net Position</b>	<b>\$18,247,152</b>	<b>\$17,991,603</b>	<b>\$255,549</b>

The increase in current and other assets is mainly due to an increase in cash and cash equivalents in the amount of \$1,506,844. The increase in cash and cash equivalents is due primarily to C-TEC reducing expenses since fiscal year 2010 when a reduction in force was implemented. The State has continued to fund Career Centers at the same level as fiscal year 2011 funding which as a result of the reduction in force and stable funding, cash and cash equivalents increased in fiscal years 2012 and 2013. Property taxes receivable reflects a decrease from fiscal year 2012 in the amount of \$214,498 due mainly to a decrease in the property tax rates. Accounts receivable decreased from fiscal year 2012 to fiscal year 2013 in the amount of \$172,987 due to the decrease in student enrollment by 170 students. The \$689,852 decrease in capital assets is primarily due to current year depreciation. Deferred outflows of resources – deferred charge on refunding decreased in the amount of \$1,508,127 due to the retirement of the outstanding refunded bonds from the 2002 School Facilities Improvement General Obligation Bonds which were advance refunded in May, 2010. The refunded 2002 School Facilities Improvement General Obligation Bonds were called on December 1, 2012, paid in full, and the escrow account was closed; therefore, the deferred outflows of resources – deferred charge on refunding was fully amortized during fiscal year 2013.

The decrease in other liabilities in the amount of \$136,549 was due mainly to a decrease in accrued wages and benefits payable in the amount of \$95,276 and a decrease in intergovernmental payables in the amount of \$39,867 due to a decrease of four staff members from fiscal year 2012 to fiscal year 2013. The \$1,525,795 decrease in long-term liabilities is primarily due to C-TEC making principal debt payments in the amount of \$1,300,690. Compensated absences reflect a decrease of \$238,374 in fiscal year 2013 due to the retirement of staff.

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013, and comparisons to fiscal year 2012.

**Table 2**  
**Changes in Net Position**

<b>Revenues</b>	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Change</b>
Program Revenues			
Charges for Services	\$1,982,518	\$2,226,912	(\$244,394)
Operating Grants, Contributions and Interest	2,999,904	3,013,800	(13,896)
	<u>4,982,422</u>	<u>5,240,712</u>	<u>(258,290)</u>
General Revenue			
Property Taxes	8,245,238	8,312,395	(67,157)
Grants and Entitlements	3,837,904	3,952,143	(114,239)
Investment Earnings	13,877	16,458	(2,581)
Miscellaneous Revenue	94,623	18,925	75,698
	<u>12,191,642</u>	<u>12,299,921</u>	<u>(108,279)</u>
Total Revenues	<u>17,174,064</u>	<u>17,540,633</u>	<u>(366,569)</u>
<b>Program Expenses</b>			
Instruction			
Regular	344,597	316,477	28,120
Special	562,427	565,011	(2,584)
Vocational	4,866,193	4,897,921	(31,728)
Adult/Continuing	2,324,086	2,216,542	107,544
Support Services			
Pupils	550,456	585,454	(34,998)
Instructional Staff	985,815	963,380	22,435
Board of Education	22,244	26,093	(3,849)
Administration	998,388	937,192	61,196
Fiscal	423,831	406,055	17,776
Business	424,660	420,010	4,650
Operation and Maintenance of Plant	1,605,458	1,420,244	185,214
Pupil Transportation	13,110	12,771	339
Central	659,614	812,405	(152,791)
Operation of Non-Instructional Services			
Food Service Operations	249,707	274,641	(24,934)
Other	134	320	(186)
Extracurricular Activities	88,972	59,923	29,049
Interest and Fiscal Charges	2,798,823	1,064,482	1,734,341
Total Expenses	<u>16,918,515</u>	<u>14,978,921</u>	<u>1,939,594</u>
<i>Change in Net Position</i>	255,549	2,561,712	(2,306,163)
Net Position Beginning of Year	17,991,603	15,429,891	2,561,712
Net Position End of Year	<u>\$18,247,152</u>	<u>\$17,991,603</u>	<u>\$255,549</u>

C-TEC's net position increased \$255,549. Revenues decreased slightly during fiscal year 2013 when compared to fiscal year 2012. The decrease in revenues was largely attributed to the decrease in charges for services and grants and entitlements. The decrease in charges for services is the direct result of student enrollment decreasing from 911 in fiscal year 2012 to 741 in fiscal year 2013. Grants and entitlements decreased from fiscal year 2012 to fiscal year 2013 due to fiscal year 2012 being the last year

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

of the public utility tax loss reimbursement. C-TEC received \$136,817 in public utility tax loss reimbursements in fiscal year 2012.

Expenses increased in fiscal year 2013 in the amount of \$1,939,594. This increase in expenses is due primarily to the increase in interest and fiscal charges in the amount of \$1,734,341. Interest and fiscal charges increased in the amount of \$1,508,127 due to the 2002 School Facilities Improvement General Obligation Bonds advance refunded in May, 2010 being called, paid in full, and the escrow account was closed on December 1, 2012; therefore, the deferred outflows of resources – deferred charge on refunding was fully amortized to interest and fiscal charges during fiscal year 2013.

Instructional programs comprise approximately 48 percent of total governmental program expenses. Of the instructional expenses, approximately 4 percent is for regular instruction, 7 percent for special instruction, 60 percent for vocational instruction, and 29 percent for adult/continuing instruction.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3  
Governmental Activities**

	2013 Total Cost of Services	2013 Net Cost of Services	2012 Total Cost of Services	2012 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$344,597	\$243,563	\$316,477	\$221,549
Special	562,427	557,751	565,011	565,011
Vocational	4,866,193	2,998,878	4,897,921	2,987,339
Adult/Continuing	2,324,086	349,577	2,216,542	84,299
Support Services:				
Pupils	550,456	338,549	585,454	335,943
Instructional Staff	985,815	760,144	963,380	750,265
Board of Education	22,244	22,244	26,093	26,093
Administration	998,388	997,196	937,192	934,662
Fiscal	423,831	423,831	406,055	398,181
Business	424,660	195,268	420,010	182,303
Operation and Maintenance of Plant	1,605,458	1,598,986	1,420,244	1,398,224
Pupil Transportation	13,110	13,110	12,771	12,771
Central	659,614	540,311	812,405	691,014
Operation of Non-Instructional Services				
Food Service Operations	249,707	34,983	274,641	40,454
Other	134	5	320	(8)
Extracurricular Activities	88,972	62,874	59,923	45,627
Interest and Fiscal Charges	2,798,823	2,798,823	1,064,482	1,064,482
<b>Totals</b>	<u>\$16,918,515</u>	<u>\$11,936,093</u>	<u>\$14,978,921</u>	<u>\$9,738,209</u>

## **Career and Technology Education Centers of Licking County, Ohio**

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013 Unaudited*

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2013, only 29 percent of the governmental activities performed by C-TEC are supported through program revenues such as charges for services, grants, and contributions. The remaining 71 percent is provided through taxes and entitlements.

#### **C-TEC Funds**

C-TEC's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,413,619 and expenditures of \$15,937,552.

#### ***General Fund***

The fund balance of the General Fund at June 30, 2013 is \$7,206,673, an increase of \$1,755,787 from fiscal year 2012. The majority of the increase is the result of C-TEC's Board of Education implementing cost saving measures during fiscal years 2010 through 2013. The Board of Education was aware of the financial stress that C-TEC was under and as a result, several cost saving measures were implemented including a reduction in force which was approved on March 25, 2010. In addition, the State continued to provide State funding at the same level as was received in fiscal years 2011 and 2012. The savings from the reduction in force beginning in fiscal year 2011 and the continued level of State funding have resulted in continual increases in the General Fund's fund balance since fiscal year 2010.

#### ***Other Governmental Major Funds***

##### ***Adult Education Fund***

The fund balance of the Adult Education Special Revenue Fund at June 30, 2013 is \$812,855, a decrease of \$103,056 from the prior year. The decrease is due primarily to an increase in expenditures for adult/continuing instruction .

##### ***Bond Retirement Fund***

The fund balance of the Bond Retirement Debt Service Fund at June 30, 2013 is \$1,023,397, a decrease of \$170,083 from the prior year.

#### ***General Fund Budgeting Highlights***

C-TEC'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 2013, C-TEC amended its original appropriations and as a result, fund appropriations reflect a decrease of \$312,029. Final Appropriations exceeded actual expenditures by \$129,005.

C-TEC received \$3,358 less in revenues than what was expected during fiscal year 2013. Budget basis revenue was \$12,353,966 compared to final estimates of \$12,350,608.

The C-TEC's ending general fund budgetary balance was \$6,601,052.

**Career and Technology Education Centers of Licking County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2013, C-TEC had \$35,724,328 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

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

	<u>Government Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$107,951	\$107,951
Construction in Progress	90,876	10,585
Buildings and Improvements	33,143,595	34,028,454
Furniture and Equipment	2,282,509	2,151,672
Vehicles	99,397	115,518
<b>Totals</b>	<b><u><u>\$35,724,328</u></u></b>	<b><u><u>\$36,414,180</u></u></b>

See Note 9 for additional information regarding capital assets.

*Debt*

At June 30, 2013, C-TEC had \$26,560,228 in debt outstanding (including premiums and accounting gain), with \$1,555,886 being due within one year.

**Table 5**  
**Outstanding Debt at June 30**

	<u>Government Activities</u>	
	<u>2013</u>	<u>2012</u>
Construction and Equipment Long-Term Loan	\$200,000	\$233,333
School Facilities Improvement General Obligation Bonds	2,927,533	3,936,286
School Facilities Improvement Refunding Bonds	19,091,555	19,307,187
Various Purpose and Judgement Bonds	4,337,233	4,364,579
Capital Leases	3,907	6,264
<b>Totals</b>	<b><u><u>\$26,560,228</u></u></b>	<b><u><u>\$27,847,649</u></u></b>

See Note 14 for more detailed information of C-TEC's debt.

## **Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

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### **Economic Factors**

Fiscal year 2013 is the fourth year in a row that C-TEC has avoided deficit spending, allowing the General Fund balance to grow from \$862,797 at June 30, 2009 to just over \$7 million as of June 30, 2013. C-TEC continues to prudently manage the resources given by the local taxpayers and continues to benefit from the State guaranteeing the level of State funding C-TEC receives.

With the passage of House Bill 59, the State's biennial budget for fiscal year 2014 and fiscal year 2015, funding has been guaranteed at fiscal year 2013 levels for the next two years. This will continue to boost the General Fund cash balance. It is anticipated that this trend will end upon passage of the next State budget assuming the guarantee goes away. However, if the State continues to guarantee districts the same amount of funding they had received in fiscal year 2013 for the next State budget, the trend of increasing the General Fund cash balance would continue.

C-TEC's fund balance has increased significantly in a short period of time due to reductions made, but also in part due to State funding that is based on a much higher enrollment than what C-TEC currently has. Because of this, it is important for C-TEC to continue to spend tax dollars it receives as efficiently as possible so that it can absorb any change in State funding it receives as well as be able to pay off the remaining \$6 million in outstanding general obligation debt (principal and interest) from the 2010 Various Purpose Bonds which are being retired through tax revenue allocations from the General Fund to the Bond Retirement Debt Service Fund.

### **Contacting C-TEC's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of C-TEC's finances and to show C-TEC's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Benjamin R. Streby, Treasurer/CFO at Career and Technology Education Centers of Licking County, 150 Price Road, Newark, Ohio 43055. You may also e-mail the treasurer at [bstreby@c-tec.edu](mailto:bstreby@c-tec.edu).



**Career and Technology Education Centers of Licking County**

*Statement of Net Position*

*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$8,972,611
Cash and Cash Equivalents in Segregated Accounts	880
Accounts Receivable	402,563
External Party Receivable	17,749
Intergovernmental Receivable	192,492
Prepaid Items	65,455
Accrued Interest Receivable	3,080
Inventory Held for Resale	1,111
Materials and Supplies Inventory	604
Property Taxes Receivable	9,015,740
Nondepreciable Capital Assets	198,827
Depreciable Capital Assets, Net	<u>35,525,501</u>
<i>Total Assets</i>	<u>54,396,613</u>
<b>Liabilities</b>	
Matured Compensated Absences	121,768
Accounts Payable	179,528
Contracts Payable	1,160
Accrued Wages and Benefits	577,308
Accrued Interest Payable	73,852
Intergovernmental Payable	186,062
Vacation Benefit Payable	133,835
Long-Term Liabilities:	
Due Within One Year	1,555,886
Due In More Than One Year	<u>25,495,789</u>
<i>Total Liabilities</i>	<u>28,325,188</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>7,824,273</u>
<b>Net Position</b>	
Net Investment in Capital Assets	9,963,866
Restricted for:	
Debt Service	253,697
Adult Education	874,949
Other Purposes	73,781
Unrestricted	<u>7,080,859</u>
<i>Total Net Position</i>	<u>\$18,247,152</u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2013*

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
<b>Governmental Activities</b>				<b>Governmental Activities</b>
Instruction:				
Regular	\$344,597	\$0	\$101,034	(\$243,563)
Special	562,427	2,143	2,533	(557,751)
Vocational	4,866,193	255,447	1,611,868	(2,998,878)
Adult/Continuing	2,324,086	1,410,298	564,211	(349,577)
Support Services:				
Pupils	550,456	10,676	201,231	(338,549)
Instructional Staff	985,815	157,204	68,467	(760,144)
Board of Education	22,244	0	0	(22,244)
Administration	998,388	972	220	(997,196)
Fiscal	423,831	0	0	(423,831)
Business	424,660	0	229,392	(195,268)
Operation and Maintenance of Plant	1,605,458	0	6,472	(1,598,986)
Pupil Transportation	13,110	0	0	(13,110)
Central	659,614	0	119,303	(540,311)
Operation of Non-Instructional Services:				
Food Service Operations	249,707	119,644	95,080	(34,983)
Other Non-Instructional Services	134	36	93	(5)
Extracurricular Activities	88,972	26,098	0	(62,874)
Interest and Fiscal Charges	2,798,823	0	0	(2,798,823)
<b>Totals</b>	<b>\$16,918,515</b>	<b>\$1,982,518</b>	<b>\$2,999,904</b>	<b>(11,936,093)</b>
				<b>General Revenues</b>
				Property Taxes Levied for:
				General Purposes
				Debt Service
				Grants and Entitlements not Restricted
				Investment Earnings
				Miscellaneous
				<b>Total General Revenues</b>
				<b>Change in Net Position</b>
				<b>Net Position Beginning of Year</b>
				<b>Net Position End of Year</b>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**

*Balance Sheet*

*Governmental Funds*

*June 30, 2013*

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$7,222,095	\$818,339	\$896,801	\$35,376	\$8,972,611
Cash and Cash Equivalents in Segregated Accounts	3	877	0	0	880
Accounts Receivable	22,184	380,379	0	0	402,563
Interfund Receivable	255,636	0	0	0	255,636
Intergovernmental Receivable	22,551	14,856	0	155,085	192,492
Accrued Interest Receivable	3,080	0	0	0	3,080
External Party Receivable	17,749	0	0	0	17,749
Prepaid Items	52,315	9,981	0	3,159	65,455
Inventory Held for Resale	0	0	0	1,111	1,111
Materials and Supplies Inventory	0	0	0	604	604
Property Taxes Receivable	7,271,917	0	1,743,823	0	9,015,740
<b>Total Assets</b>	<b>\$14,867,530</b>	<b>\$1,224,432</b>	<b>\$2,640,624</b>	<b>\$195,335</b>	<b>\$18,927,921</b>
<b>Liabilities</b>					
Accounts Payable	\$155,760	\$16,127	\$0	\$7,641	\$179,528
Accrued Wages and Benefits	516,998	27,407	0	32,903	577,308
Matured Compensated Absences	113,555	0	0	8,213	121,768
Contracts Payable	1,160	0	0	0	1,160
Interfund Payable	0	181,341	0	74,295	255,636
Intergovernmental Payable	124,728	37,966	0	23,368	186,062
<b>Total Liabilities</b>	<b>912,201</b>	<b>262,841</b>	<b>0</b>	<b>146,420</b>	<b>1,321,462</b>
<b>Deferred Inflows of Resources</b>					
Property Taxes	6,310,964	0	1,513,309	0	7,824,273
Unavailable Revenue	437,692	148,736	103,918	19,813	710,159
<b>Total Deferred Inflows of Resources</b>	<b>6,748,656</b>	<b>148,736</b>	<b>1,617,227</b>	<b>19,813</b>	<b>8,534,432</b>
<b>Fund Balances</b>					
Nonspendable	56,180	9,981	0	3,763	69,924
Restricted	0	802,874	1,023,397	50,571	1,876,842
Committed	10,000	0	0	1,686	11,686
Assigned	236,992	0	0	0	236,992
Unassigned (Deficit)	6,903,501	0	0	(26,918)	6,876,583
<b>Total Fund Balances</b>	<b>7,206,673</b>	<b>812,855</b>	<b>1,023,397</b>	<b>29,102</b>	<b>9,072,027</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$14,867,530</b>	<b>\$1,224,432</b>	<b>\$2,640,624</b>	<b>\$195,335</b>	<b>\$18,927,921</b>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**  
*Reconciliation of Total Governmental Funds Balances to  
 Net Position of Governmental Activities  
 June 30, 2013*

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**Total Governmental Fund Balances** \$9,072,027

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 35,724,328

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources - unavailable revenue in the funds:

Property Taxes Receivable	537,383	
Accrued Interest Receivable	3,080	
Tuition and Fees	138,753	
Intergovernmental Receivable	30,943	710,159

Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds. (133,835)

Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds. (73,852)

Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Long-Term Loans Payable	(200,000)	
General Obligation Bonds	(7,135,000)	
General Obligation Bonds Premium	(129,766)	
Current Interest Serial Refunding Bonds Payable	(16,640,000)	
Capital Appreciation Refunding Bonds Payable	(309,991)	
Refunding Bonds Capital Appreciation Accretion	(755,069)	
Premium on Current Interest Serial Refunding Bonds	(558,625)	
Premium on Capital Appreciation Refunding Bonds	(827,870)	
Capital Leases Payable	(3,907)	
Compensated Absences	(491,447)	(27,051,675)

**Net Position of Governmental Activities** \$18,247,152

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
**Governmental Funds**  
*For the Fiscal Year Ended June 30, 2013*

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$6,666,492	\$0	\$1,671,551	\$0	\$8,338,043
Intergovernmental	5,405,489	355,419	229,346	825,037	6,815,291
Interest	14,338	0	46	0	14,384
Tuition and Fees	198,051	1,611,066	0	0	1,809,117
Extracurricular Activities	22,462	0	0	26,098	48,560
Rentals	0	10,310	0	0	10,310
Charges for Services	86,190	36,367	0	119,644	242,201
Contributions and Donations	3,500	0	0	37,590	41,090
Miscellaneous	76,275	13,791	0	4,557	94,623
<b>Total Revenues</b>	<b>12,472,797</b>	<b>2,026,953</b>	<b>1,900,943</b>	<b>1,012,926</b>	<b>17,413,619</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	100,987	0	0	101,894	202,881
Special	558,029	2,405	0	2,600	563,034
Vocational	4,776,172	0	0	41,295	4,817,467
Adult/Continuing	7,243	1,963,977	0	232,883	2,204,103
Support Services:					
Pupils	345,844	0	0	203,638	549,482
Instructional Staff	566,396	163,587	0	69,981	799,964
Board of Education	17,603	0	0	0	17,603
Administration	1,085,750	0	0	223	1,085,973
Fiscal	414,420	0	0	0	414,420
Business	268,905	0	30,199	0	299,104
Operation and Maintenance of Plant	1,593,104	0	0	0	1,593,104
Pupil Transportation	5,905	0	0	0	5,905
Central	652,209	0	0	123,446	775,655
Operation of Non-Instructional Services:					
Food Service Operations	30,643	0	0	226,445	257,088
Other Non-Instructional Services	0	40	0	94	134
Extracurricular Activities	61,418	0	0	27,554	88,972
Debt Service:					
Principal Retirement	35,690	0	1,265,000	0	1,300,690
Interest and Fiscal Charges	416	0	961,557	0	961,973
<b>Total Expenditures</b>	<b>10,520,734</b>	<b>2,130,009</b>	<b>2,256,756</b>	<b>1,030,053</b>	<b>15,937,552</b>
Excess of Revenues Over (Under) Expenditures:	1,952,063	(103,056)	(355,813)	(17,127)	1,476,067
<b>Other Financing Sources (Uses)</b>					
Transfers In	6,472	0	185,730	17,018	209,220
Transfers Out	(202,748)	0	0	(6,472)	(209,220)
<b>Total Other Financing Sources (Uses)</b>	<b>(196,276)</b>	<b>0</b>	<b>185,730</b>	<b>10,546</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>1,755,787</b>	<b>(103,056)</b>	<b>(170,083)</b>	<b>(6,581)</b>	<b>1,476,067</b>
Fund Balances Beginning of Year	5,450,886	915,911	1,193,480	35,683	7,595,960
Fund Balances End of Year	<u>\$7,206,673</u>	<u>\$812,855</u>	<u>\$1,023,397</u>	<u>\$29,102</u>	<u>\$9,072,027</u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

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Net Change in Fund Balances - Total Governmental Funds \$1,476,067

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

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 year:

Capital Assets Additions	466,915	
Current Year Depreciation	(1,156,767)	(689,852)

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

Property Taxes	(92,805)	
Interest	(461)	
Intergovernmental	(18,619)	
Tuition and Fees	(127,670)	(239,555)

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

Vacation Benefits Payable	6,675	
Compensated Absences	238,374	245,049

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums and discounts are reported on the statement of activities:

Premium Amortization	342,919	
Accretion of the Capital Appreciation Bonds	(356,188)	
Accrued Interest Payable	(315,454)	(328,723)

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

Long-Term Loans	33,333	
General Obligation Bonds	1,025,000	
Refunding Bonds	240,000	
Capital Leases	2,357	1,300,690

The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.

(1,508,127)

Change in Net Position of Governmental Activities

\$255,549

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund*

*For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$7,687,749	\$6,755,948	\$6,755,948	\$0
Intergovernmental	4,444,726	5,398,512	5,398,512	0
Interest	15,000	23,284	25,564	2,280
Tuition and Fees	35,000	83,146	83,146	0
Contributions and Donations	1,631	3,500	3,500	0
Miscellaneous	42,500	58,626	62,740	4,114
<i>Total Revenues</i>	<u>12,226,606</u>	<u>12,323,016</u>	<u>12,329,410</u>	<u>6,394</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	119,420	97,937	97,937	0
Special	566,189	561,976	561,763	213
Vocational	5,234,424	4,966,067	4,963,142	2,925
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	348,169	338,496	338,466	30
Instructional Staff	570,288	550,136	548,276	1,860
Board of Education	20,243	22,088	22,074	14
Administration	1,022,476	1,097,645	1,097,994	(349)
Fiscal	435,909	441,228	433,206	8,022
Business	342,892	323,298	272,703	50,595
Operation and Maintenance of Plant	1,760,883	1,679,596	1,662,612	16,984
Pupil Transportation	12,413	6,187	6,187	0
Central	688,360	720,030	711,585	8,445
Non-Instructional Services	34,831	32,168	32,168	0
Extracurricular Activities	48,460	61,406	61,377	29
Debt Service:				
Principal Retirement	33,334	33,333	33,333	0
<i>Total Expenditures</i>	<u>11,238,291</u>	<u>10,931,591</u>	<u>10,842,823</u>	<u>88,768</u>
<i>Excess of Revenues Over Expenditures</i>	<u>988,315</u>	<u>1,391,425</u>	<u>1,486,587</u>	<u>95,162</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	6,472	6,472
Advances In	30,635	27,592	18,084	(9,508)
Advances Out	(55,659)	(50,330)	(11,713)	38,617
Transfers Out	(218,509)	(218,509)	(216,889)	1,620
<i>Total Other Financing Sources (Uses)</i>	<u>(243,533)</u>	<u>(241,247)</u>	<u>(204,046)</u>	<u>37,201</u>
<i>Net Change in Fund Balance</i>	744,782	1,150,178	1,282,541	132,363
<i>Fund Balance Beginning of Year</i>	4,737,973	4,737,973	4,737,973	0
Prior Year Encumbrances Appropriated	580,538	580,538	580,538	0
<i>Fund Balance End of Year</i>	<u>\$6,063,293</u>	<u>\$6,468,689</u>	<u>\$6,601,052</u>	<u>\$132,363</u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*Adult Education Fund*

*For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$412,500	\$355,419	\$355,419	\$0
Tuition and Fees	2,003,500	1,637,420	1,658,044	20,624
Rent	0	10,310	10,310	0
Charges for Services	0	23,639	36,111	12,472
Miscellaneous	18,000	9,565	10,065	500
<i>Total Revenues</i>	<u>2,434,000</u>	<u>2,036,353</u>	<u>2,069,949</u>	<u>33,596</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing	2,416,623	2,031,339	1,996,965	34,374
Support Services:				
Instructional Staff	172,797	172,797	169,060	3,737
Non-Instructional Services	1,000	80	40	40
<i>Total Expenditures</i>	<u>2,590,420</u>	<u>2,204,216</u>	<u>2,166,065</u>	<u>38,151</u>
<i>Excess of Revenues Under Expenditures</i>	(156,420)	(167,863)	(96,116)	71,747
<b>Other Financing Sources</b>				
Advances In	0	12,903	431	(12,472)
<i>Net Change in Fund Balance</i>	(156,420)	(154,960)	(95,685)	59,275
<i>Fund Balance Beginning of Year</i>	886,017	886,017	886,017	0
Prior Year Encumbrances Appropriated	15,420	15,420	15,420	0
<i>Fund Balance End of Year</i>	<u>\$745,017</u>	<u>\$746,477</u>	<u>\$805,752</u>	<u>\$59,275</u>

See accompanying notes to the basic financial statements



**Career and Technology Education Centers of Licking County**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2013*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and Cash Equivalents	\$53,275	\$1,864,192
<i>Total Assets</i>	<u>53,275</u>	<u>\$1,864,192</u>
<b>Liabilities</b>		
Due to Students	0	\$69,461
External Party Payable	0	17,749
Undistributed Monies	0	1,776,982
<i>Total Liabilities</i>	<u>0</u>	<u>\$1,864,192</u>
<b>Net Position</b>		
Held in Trust for Scholarships	<u>53,275</u>	
<i>Total Net Position</i>	<u>\$53,275</u>	

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Scholarship
<b>Additions</b>	
Interest	\$80
Contributions and Donations	4,471
<i>Total Additions</i>	4,551
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	3,902
<i>Change in Net Position</i>	649
<i>Net Position Beginning of Year</i>	52,626
<i>Net Position End of Year</i>	\$53,275

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements*

*For Fiscal Year Ended June 30, 2013*

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**NOTE 1 - DESCRIPTION OF THE CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY AND REPORTING ENTITY**

Career and Technology Education Centers of Licking County (C-TEC) 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. C-TEC has ten participating districts spread throughout Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties, which include two city school districts, seven local school districts and one exempted village school district.

C-TEC operates under a seven-member Board of Education and is responsible for the provision of public education to residents of C-TEC. The Board of Education of C-TEC is not directly elected. The Board is made up from members of the elected boards of the participating school districts and the Licking County Educational Service Center. C-TEC is staffed by 9 administrators, 41 non-certificated employees, and 217 certificated full and part-time teaching personnel who provide services to 741 students and other community members. C-TEC currently operates 4 buildings.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of C-TEC consists of all funds, departments, boards, and agencies that are not legally separate from C-TEC. For C-TEC, this includes general operations, student guidance, education media care, upkeep of grounds and buildings, food service, student related activities and adult education of C-TEC.

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

C-TEC is associated with two jointly governed organizations and one insurance purchasing pools. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, which are presented in Notes 18 and 19 to the basic financial statements.

C-TEC serves as the fiscal agent for the Licking Area Computer Association, but the organization is not considered a part of C-TEC. Accordingly, the activity of the organization is presented as an agency fund within C-TEC's basic financial statement.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of C-TEC 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 more significant of C-TEC's accounting policies are described below.

***A. Basis of Presentation***

C-TEC's basic financial statement consists of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about C-TEC as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of C-TEC that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). C-TEC has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of C-TEC at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of C-TEC's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of C-TEC, with certain limited exceptions. 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 C-TEC.

***Fund Financial Statements*** During the year, C-TEC segregates transactions related to certain 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 C-TEC at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***B. Fund Accounting***

C-TEC 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 two categories of funds: governmental 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are C-TEC's major governmental funds:

## **CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

**Adult Education Fund** This fund is used to account for transactions made in connection with adult education classes.

**Bond Retirement Fund** The Bond Retirement Debt Service Fund accounts for and reports property tax revenues restricted for the payment of general long-term debt principal, interest, and related costs.

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

**Fiduciary Fund Types** Fiduciary fund reporting focuses on net position and changes in net position. 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 C-TEC under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support C-TEC's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. C-TEC's fiduciary funds are agency funds and a private purpose trust fund. C-TEC's agency funds are used to account for assets held for PELL grants, the Licking Area Computer Association for which C-TEC serves as fiscal agent, and student managed activities. C-TEC's private purpose trust fund is established to account for assets that are to be used to provide scholarships to graduating students.

### ***C. Measurement Focus***

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

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

### ***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. 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 inflow or resources, and in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Revenues - Exchange and Nonexchange 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 C-TEC, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which C-TEC receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 C-TEC must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to C-TEC 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 the fiscal year-end: property taxes available for advance, tuition and fees, grants and interest.

**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For C-TEC, deferred outflows of resources include a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For C-TEC, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For C-TEC, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**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 the governmental funds.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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***E. Cash and Cash Equivalents***

To improve cash management, cash received by C-TEC is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through C-TEC's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the financial statements.

During the fiscal year 2013, C-TEC's investments were limited to nonnegotiable certificates of deposit and federal agency securities.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$14,338 which includes \$4,784 assigned from other funds of C-TEC.

"Cash and Cash Equivalents in Segregated Accounts" represents monies held in segregated bank accounts for the adult education department and for the payroll fund.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by C-TEC are presented on the financial statements as Equity in Pooled Cash and Cash Equivalents.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the 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 of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

***H. Capital Assets***

All capital assets of the Center are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position 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 deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. C-TEC's capitalization threshold is five thousand dollars. C-TEC does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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 for governmental:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-30 years
Buildings and Improvements	20-40 years
Furniture and Fixtures	5-20 years
Vehicles	8 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 in the governmental activities column of the statement of net position.

***J. Compensated Absences***

C-TEC reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences” as interpreted by Interpretation No. 6 of the GASB, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements”.

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributed to services already rendered and it is probable that C-TEC will compensate the employees for the benefits through paid time off or some other means. C-TEC records a liability for accumulated unused vacation time when earned for all 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 employees C-TEC has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in C-TEC’s termination policy. C-TEC records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least ten years of service with C-TEC.

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

On the governmental funds 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. 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 governments, or imposed by law through constitutional provisions or enabling legislation. See Note 17 for additional information regarding set asides.



**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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***L. Accrued Liabilities and Long-Term Liabilities***

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, 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 in the current year. Bonds, long-term loans, and capital leases are recognized as a liability on the fund financial statements when due.

***M. Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements.

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

***N. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which C-TEC is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, prepaids, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**Restricted:** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (C-TEC Board of resolutions).

## **CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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Enabling legislation authorizes C-TEC to assess, levy, charge, or otherwise mandates payment of resources (from external resources providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that C-TEC can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the C-TEC Board of Education. Those committed amounts cannot be used for any other purpose unless the C-TEC Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by C-TEC for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by C-TEC Board of Education or by State statute. State statute authorizes C-TEC's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**Unassigned:** The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

C-TEC applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

### ***O. Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes resources restricted for extracurricular programs and state and federal grants restricted to expenditures for specified purposes.

C-TEC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### ***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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***Q. Estimates***

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

***R. Budgetary Process***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget is required under the Ohio Revised Code; however this requirement is waived by the Licking County Budget Commission (Budget Commission). The Budget Commission accepts C-TEC's five year forecast in place of the tax budget. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. 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 fiscal year if projected increases or decreases in revenue are identified by C-TEC's 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 fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***S. Bond Premiums***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. On the governmental fund financial statements, bond premiums are recorded in the year the bonds are issued.

***T. Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2013, C-TEC has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”.

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in C-TEC’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in C-TEC’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in C-TEC’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in C-TEC’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows or resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in C-TEC’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in C-TEC’s financial statements.

**NOTE 4 – ACCOUNTABILITY**

The following funds had deficit fund balances as of June 30, 2013:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Food Service	(\$15,645)
Other Grants	(9,496)

The deficits in the special revenue funds were a result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. C-TEC is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Cash in segregated accounts and prepaid items are reported on the balance sheet (GAAP basis) but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget) rather than committed or assigned fund balance (GAAP).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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 Fund.

Net Change in Fund Balances

	<u>General</u>	<u>Adult Education</u>
GAAP Basis	\$1,755,787	(\$103,056)
Net Adjustment for Revenue Accruals	33,871	41,074
Net Adjustment for Expenditure Accruals	(81,924)	(21,936)
Beginning of Fiscal Year:		
Segregated Accounts	3,497	2,799
Prepaid Items	60,593	8,448
Unrecorded Cash	50	0
Fair Value Adjustment for Investments	(166)	0
End of Fiscal Year:		
Segregated Accounts	(3)	(877)
Prepaid Items	(52,315)	(9,981)
Fair Value Adjustment for Investments	11,390	0
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(23,391)	0
Advances In	18,084	431
Advances Out	(11,713)	0
Adjustment for Encumbrances	(431,219)	(12,587)
Budget Basis	<u>\$1,282,541</u>	<u>(\$95,685)</u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
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**NOTE 6 - DEPOSITS AND INVESTMENTS**

Monies held by the C-TEC are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon C-TEC's treasury. Active monies must be maintained either as cash C-TEC's treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Interim monies held by C-TEC can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
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**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, C-TEC will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, C-TEC's bank balance was \$10,461,026. Of the bank balance, \$4,381,954 was covered by Federal depository insurance and \$6,079,072 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 C-TEC to a successful claim by the FDIC.

C-TEC 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 C-TEC or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments** As of June 30, 2013, C-TEC had the following investments.

	<u>Fair Value</u>	<u>Average Maturity</u>
Federal National Mortgage Association Notes	\$496,250	7/25/2017
Federal National Mortgage Association Notes	<u>492,360</u>	12/27/2017
Total	<u><u>\$988,610</u></u>	

Interest Rate Risk

C-TEC'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. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of C-TEC, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

The Federal National Mortgage Association Notes all carried a rating by Moody's of Aaa. C-TEC has no deposit policy for custodial risk beyond the requirements of State statute.

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. C-TEC places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2013:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal National Mortgage Association Notes	100.00

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while C-TEC's fiscal year runs from July through June. First half tax collections are received by C-TEC 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 and public utility property located in C-TEC. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility personal property currently is assessed at varying percentages of true value.

C-TEC receives property taxes from Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties. The County Auditor from each county periodically advances to C-TEC its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013 are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources for property taxes.

The amount available as an advance at June 30, 2013, was \$654,084, \$527,488 was available to the General Fund and \$126,596 was available to the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2012, was \$782,614, \$616,944 was available to the General Fund and \$165,670 was available to the Bond Retirement Debt Service Fund.

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



**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$3,703,701,900	96.35%	\$3,729,167,330	96.25%
Public Utility Personal	140,172,570	3.65%	145,352,120	3.75%
	<u>\$3,843,874,470</u>	<u>100.00%</u>	<u>\$3,874,519,450</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$2.54		\$2.48

The decrease in the tax rates was due to an adjustment in the bond levy rates. Tax rates are adjusted according to what is needed for debt service retirement.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, accounts (billings for user charged services, tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$537,383 as of June 30, 2013.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Adult Education Grant	\$11,130
Carl Perkins - Secondary Grant	71,859
Carl Perkins - Adult Grant	32,632
ABLE Instructional Grant	29,128
EL/ Civics Grant	3,359
Title II-A Grant	1,450
Vocational Education Enhancement Grant	1,373
Miscellaneous Reimbursements	750
Summer Youth Grant from Job and Family Services	5,840
State Foundation Adjustment	6,977
Workers' Compensation Refund	20,098
Miscellaneous Grants	<u>7,896</u>
Total	<u>\$192,492</u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Nondepreciable Capital Assets</b>				
Land	\$107,951	\$0	\$0	\$107,951
Construction in Progress	10,585	80,291	0	90,876
Total Capital Assets not being depreciated	<u>118,536</u>	<u>80,291</u>	<u>0</u>	<u>198,827</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	39,333,169	6,055	0	39,339,224
Furniture and Equipment	3,836,209	380,569	0	4,216,778
Vehicles	618,776	0	0	618,776
Total at Historical Cost	<u>43,788,154</u>	<u>386,624</u>	<u>0</u>	<u>44,174,778</u>
Less Accumulated Depreciation				
Buildings and Improvements	(5,304,715)	(890,914)	0	(6,195,629)
Furniture and Equipment	(1,684,537)	(249,732)	0	(1,934,269)
Vehicles	<u>(503,258)</u>	<u>(16,121)</u>	<u>0</u>	<u>(519,379)</u>
Total Accumulated Depreciation	<u>(7,492,510)</u>	<u>(1,156,767)</u>	<u>0</u>	<u>(8,649,277)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>36,295,644</u>	<u>(770,143)</u>	<u>0</u>	<u>35,525,501</u>
Governmental Activities Capital Assets, Net	<u>\$36,414,180</u>	<u>(\$689,852)</u>	<u>\$0</u>	<u>\$35,724,328</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$141,716
Vocational	487,990
Adult/ Continuing Education	129,580
Support Services:	
Pupil	573
Instructional Staff	208,993
Board of Education	4,641
Administration	2,493
Fiscal	9,493
Business	125,556
Operation and Maintenance of Plant	18,073
Pupil Transportation	7,205
Central	20,454
Total Depreciation Expense	<u>\$ 1,156,767</u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**NOTE 10 - RISK MANAGEMENT**

C-TEC 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 2013, C-TEC contracted with Ohio Casualty for property, fleet, and liability insurance. Coverages provided are as follows:

Building - Replacement Cost (\$1,000 deductible)	\$54,588,360
Blanket Employee Dishonesty (\$1,000 deductible)	200,000
Employee Benefits Aggregate Limit (\$1,000 deductible each claim)	
Per Occurrence	1,000,000
Aggregate Per Year	3,000,000
Automobile Liability	
Bodily Injury and Property Damage (deductible \$500 collision and \$250 comprehensive)	1,000,000
Uninsured Motor Vehicle Bodily Injury –Aggregate Per Year	1,000,000
Underinsured Motor Vehicle Bodily Injury - Aggregate Per Year	1,000,000
General Liability – Per Occurrence	1,000,000
General Liability - Aggregate Per Year	2,000,000
Forgery (\$1,000 deductible)	50,000
Commercial Umbrella per Occurrence	3,000,000
Commercial Umbrella Aggregate	3,000,000

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

During fiscal year 2013, C-TEC participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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 CompManagement provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

Plan Description – C-TEC 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 visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

## **CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and C-TEC is required to contribute at an actuarially determined rate. The current C-TEC rate is 14 percent of annual covered payroll. 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. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. C-TEC's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$364,435, \$341,659, and \$288,752, respectively. For fiscal year 2013, 97 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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

Plan Description - The C-TEC participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 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.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. 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. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. C-TEC was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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C-TEC's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011, were \$730,610, \$714,323, and \$770,601, respectively. For fiscal year 2013, 88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$33,922 made by C-TEC and \$24,230 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, there were four members of the Board of Education that elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

Plan Description – C-TEC 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 can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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 fiscal year 2013, 0.16 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 2013, this amount was \$20,525. During fiscal year 2013, C-TEC paid \$39,600 in surcharge.

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.

C-TEC's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011, were \$15,553, \$53,808, and \$76,963, respectively. For fiscal year 2013, 26 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The C-TEC's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$20,569, \$20,138, and \$18,631, respectively. For fiscal year 2013, 97 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

Plan Description – C-TEC 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 fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. C-TEC's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011, were \$58,810, \$57,460, and \$61,743, respectively. For fiscal year 2013, 84 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**NOTE 13 - EMPLOYEE BENEFITS**

***A. Compensated Absences***

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 240 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 60 days for all employees. C-TEC also credits one day for every year of experience beyond ten years with C-TEC.

***B. Insurance Benefits***

Medical and prescription drug insurance is offered to employees through United Healthcare. Dental insurance coverage is provided through MetLife and vision insurance is provided by C-TEC through Vision Services Plus (VSP), Inc. The employees share the cost of the monthly premium with C-TEC, which varies with employees depending on the terms of the union contract. C-TEC provides life insurance and accidental death and dismemberment insurance to all employees through Prudential Life Insurance, in the amount of \$50,000 for all employees.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

**NOTE 14 – LONG-TERM OBLIGATIONS**

The change in C-TEC’s long-term obligations during fiscal year 2013 are as follows:

	Principal Outstanding 6/30/2012	Additions	Deductions	Principal Outstanding 6/30/2013	Due in One Year
Construction and Equipment Long-Term Loan 0%	\$233,333	\$0	\$33,333	\$200,000	\$33,333
School Facilities Improvement General Obligation Bonds 2002 Serial Bonds 3.4%-5.375%	3,840,000	0	1,000,000	2,840,000	0
Bond Premium	96,286	0	8,753	87,533	0
School Facilities Improvement Refunding Bonds 2010 Current Interest Serial Bonds 2.0%-4.0%	16,880,000	0	240,000	16,640,000	1,340,000
Capital Appreciation Bonds 2.38%-2.858%	309,991	0	0	309,991	0
Capital Appreciation Bond Accretion	398,881	356,188	0	755,069	0
Bond Premium on Current Interest Serial Bonds	614,488	0	55,863	558,625	0
Bond Premium on Capital Appreciation Bonds	1,103,827	0	275,957	827,870	0
Various Purpose Bonds 2010B Series Facilities Bonds Serial Bonds - 2.0%-4.0%	1,335,000	0	15,000	1,320,000	150,000
Term Bonds - 4.0%-4.125%	2,305,000	0	0	2,305,000	0
Bond Premium	36,669	0	1,930	34,739	0
Judgement Bonds Serial Bonds - 2.0%-4.0%	265,000	0	10,000	255,000	30,000
Term Bonds - 4.0%-4.125%	415,000	0	0	415,000	0
Bond Premium	7,910	0	416	7,494	0
<b>Total Long-Term Bonds</b>	<b>27,841,385</b>	<b>356,188</b>	<b>1,641,252</b>	<b>26,556,321</b>	<b>1,553,333</b>
Capital Leases	6,264	0	2,357	3,907	2,553
Compensated Absences Payable	729,821	62,954	301,328	491,447	0
<b>Total General Long-Term Obligations</b>	<b>\$28,577,470</b>	<b>\$419,142</b>	<b>\$1,944,937</b>	<b>\$27,051,675</b>	<b>\$1,555,886</b>

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

*Construction and Equipment Long-Term Loan* – On May 27, 2004, C-TEC received a zero interest construction loan through the Vocational School Building Assistance Fund administered by the Office of Career-Technical and Adult Education of the Ohio Department of Education in the amount of \$500,000 for the purpose of paying general expenses incurred due to the construction of new facilities. The loan was issued for a fifteen year period with final maturity on July 1, 2019. This debt will be retired through the General Fund using general tax revenues.

Principal and interest requirements to retire the Construction and Equipment Long-Term Loan outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal
2014	\$33,333
2015	33,334
2016	33,333
2017	33,333
2018	33,334
2019	33,333
Total	<u>\$200,000</u>

*2002 School Facilities Improvement General Obligation Bonds* - On December 15, 2002, C-TEC issued \$35,000,000 in voted School Facilities Improvement Serial Bonds for the purpose of constructing a new instructional building and renovating existing facilities. The proceeds from the sale of these bonds were recorded in the Building Capital Projects Fund. The School Facilities Improvement General Obligation Bonds were issued at a premium in the amount of \$687,738. During fiscal year 2010, C-TEC advance refunded \$17,955,000 of the serial bonds. The advance refunded portion of the bonds was removed from the financial statements of C-TEC. The remaining outstanding bonds are being retired from the Bond Retirement Fund using tax revenues. The original bonds were issued for a twenty-one period with a final maturity at December 1, 2023, and after the advance refunding the remaining bonds continue to have a final maturity at December 1, 2023.

Principal and interest requirements to retire the remaining bonds of the 2002 School Facilities Improvement General Obligation Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2014	\$0	\$134,900
2015	0	134,900
2016	0	134,900
2017	0	134,900
2018	0	134,900
2019-2023	0	674,500
2024	2,840,000	67,450
Total	<u>\$2,840,000</u>	<u>\$1,416,450</u>



**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

*2010 School Facilities Improvement Refunding Bonds* – C-Tec had previously issued 2002 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2010 School Facilities Improvement Refunding Bonds. At the date of refunding, \$20,097,673 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2002 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from C-TEC’s financial statements. During fiscal year 2013, the refunded 2002 School Facilities Improvement General Obligation Bonds outstanding were called and paid in full and the escrow account was closed on December 1, 2012.

On May 20, 2010, C-TEC issued \$17,954,991 of School Facilities Improvement Refunding Bonds that were issued to partially refund the 2002 School Facilities Improvement General Obligation Bonds. The bonds were issued for a thirteen year period with a final maturity at December 1, 2022. The \$17,954,991 bond issue consists of current interest serial bonds of \$17,645,000 and \$309,991 in capital appreciation bonds. The \$17,954,991 School Facilities Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$726,214 for the current interest serial bonds and \$1,655,741 for the capital appreciation bonds. Issuance costs were in the amount of \$239,273. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$1,782,333. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$585,072. The issuance resulted in a total economic gain of \$497,653. On December 1, 2012, the refunded 2002 School Facilities Improvement General Obligation Bonds were called and paid in full; therefore, the remaining balance of the deferred outflows of resources – deferred charge on refunding in the amount of \$1,508,127 was expensed to interest expense.

Principal and interest requirements to the 2010 School Facilities Improvement Refunding Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Current Interest Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/ Accretion
2014	\$1,340,000	\$616,525	\$0	\$0	\$1,340,000	\$616,525
2015	0	596,425	229,056	1,220,944	229,056	1,817,369
2016	750,000	585,175	80,935	689,065	830,935	1,274,240
2017	1,615,000	545,663	0	0	1,615,000	545,663
2018	1,750,000	482,400	0	0	1,750,000	482,400
2019-2023	11,185,000	1,187,900	0	0	11,185,000	1,187,900
<b>Total</b>	<b>\$16,640,000</b>	<b>\$4,014,088</b>	<b>\$309,991</b>	<b>\$1,910,009</b>	<b>\$16,949,991</b>	<b>\$5,924,097</b>

*2010 Various Purpose Bonds* - On June 7, 2010, C-TEC issued \$4,345,000 in Various Purpose Bonds. A portion of the various purpose bonds in the amount of \$3,655,000 in facilities bonds were issued for the purpose of retiring the \$3,400,000 in bond anticipation notes which matured on September 2, 2010. The bond anticipation notes were issued for the purpose of constructing additions to and renovating and improving existing buildings and facilities, including health and safety upgrades and improving access for the disabled. The proceeds from the sale of these bonds were recorded in the Bond Retirement Debt Service Fund. Of the \$3,655,000 facilities bond issuance, \$1,350,000 was serial bonds and \$2,305,000 was term bonds. The

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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\$3,655,000 facilities bonds were issued at a premium of \$40,529. Issuance costs related to the facilities bonds were \$109,406. The second portion of the various purpose bonds were for \$690,000 in judgment bonds issued for the purpose of paying a \$500,000 judgment settlement to Claggett and Sons, Inc. and the associated legal fees. \$661,911 of the proceeds from the sale of these bonds were recorded in the Building Capital Projects Fund and \$23,089 were deposited in the Bond Retirement Debt Service Fund for a total of \$690,000. Of the \$690,000 judgment bond issuance, \$275,000 were serial bonds and \$415,000 were term bonds. The \$690,000 in judgment bonds were issued at a premium in the amount of \$8,742. Issuance costs associated with the issuance of the judgment bonds were \$20,654.

The term bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the year and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$225,000

The remaining principal amount of such bonds (\$235,000) will be paid at stated maturity on December 1, 2022.

The term bonds maturing on December 1, 2024 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$250,000

The remaining principal amount of such bonds (\$250,000) will be paid at stated maturity on December 1, 2024.

The term bonds maturing on December 1, 2026 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2025	\$270,000

The remaining principal amount of such bonds (\$280,000) will be paid at stated maturity on December 1, 2026.

The term bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$290,000

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

The remaining principal amount of such bonds (\$310,000) will be paid at stated maturity on December 1, 2028.

The term bonds maturing on December 1, 2030 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2029	\$315,000

The remaining principal amount of such bonds (\$295,000) will be paid at stated maturity on December 1, 2030.

Principal and interest requirements to retire the 2010 Various Purpose Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Facilities Bonds		Judgment Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$150,000	\$134,118	\$30,000	\$24,618	\$180,000	\$158,736
2015	140,000	130,869	30,000	23,943	170,000	154,812
2016	155,000	126,793	30,000	23,119	185,000	149,912
2017	170,000	121,919	30,000	22,219	200,000	144,138
2018	170,000	116,394	30,000	21,244	200,000	137,638
2019-2023	920,000	481,320	180,000	86,782	1,100,000	568,102
2024-2029	1,125,000	278,644	215,000	47,570	1,340,000	326,214
2030-2031	795,000	49,441	125,000	6,673	920,000	56,114
<b>Total</b>	<b>\$3,625,000</b>	<b>\$1,439,498</b>	<b>\$670,000</b>	<b>\$256,168</b>	<b>\$4,295,000</b>	<b>\$1,695,666</b>

Capital leases will be paid from the General Fund. Compensated absences will be paid from the General, Adult Education, and Food Service Funds.

C-TEC's overall legal debt margin was \$325,445,157 with an unvoted debt margin of \$3,874,519 at June 30, 2013.

**NOTE 15 – CAPITAL LEASE**

In a previous fiscal year, C-TEC entered into a capitalized lease for a mailing machine. The lease meets the criteria of a capital lease which is defined as a lease which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

The agreements provide for minimum annual rental payments as follows:

Year	Principal	Interest	Total
2014	\$2,553	\$220	\$2,773
2015	1,354	32	1,386
Total	<u>\$3,907</u>	<u>\$252</u>	<u>\$4,159</u>

The lease was originally capitalized in the amount of \$11,396. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2013 totaled \$2,357 in the governmental funds.

Property under Capital Lease	\$11,396
Less: Accumulated Depreciation	<u>(7,980)</u>
Total June 30, 2013	<u>\$3,416</u>

**NOTE 16 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2013, consist of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds:		
General Fund	\$255,636	\$0
Adult Education Special Revenue Fund	0	181,341
Total Major Funds	<u>255,636</u>	<u>181,341</u>
Other Nonmajor Governmental Funds:		
Other Grant	0	11,282
Title II-A	0	637
ABLE Adult Basic Education	0	20,227
Carl Perkins Vocational Education	0	42,149
Total Other Nonmajor Governmental Funds	<u>0</u>	<u>74,295</u>
Total All Funds	<u>\$255,636</u>	<u>\$255,636</u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

C-TEC transferred \$17,018 from the General Fund to the Food Service Special Revenue Fund for the purpose of supplementing the food service operations. C-Tec transferred \$6,472 from the Federal Emergency Management Agency Special Revenue Fund to the General Fund for reimbursement of expenditures paid from the General Fund. C-TEC also transferred \$185,730 from the General Fund to the Bond Retirement Debt Service Fund for bond retirement payments related to the judgment bonds which were issued as a result of a the past lawsuit.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

**NOTE 17 - STATUTORY SET-ASIDES**

C-TEC is required by State statute to annually set aside in the General Fund an amount based on a statutory formula 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.

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

	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-Aside Requirement	112,421
Current Year Qualifying Disbursements	(628,332)
Excess Qualified Expenditures from Prior Years	<u>0</u>
Total	<u><u>(\$515,911)</u></u>
Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Cash Balances to Carry Forward to Future Fiscal Years	<u><u>\$0</u></u>

C-TEC had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements set-aside amount below zero.

**NOTE 18 - JOINTLY GOVERNED ORGANIZATION**

***A. Licking Area Computer Association***

C-TEC is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services approximately thirty entities within the boundaries of Licking, Muskingum, Fairfield and Perry Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating school districts. The continued existence of LACA is not dependent on C-TEC's continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. C-TEC's total payments to LACA for fiscal year 2013 were \$59,944. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 145 North Quentin Road, Newark, OH 43055.

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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***B. Metropolitan Educational Council***

C-TEC participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 250 members which includes Educational Service Centers, joint vocational schools, educational service centers, and libraries covering 59 counties in Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The Educational Service Center participates in the insurance purchasing pool. 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 Educational Service Center in Franklin County (18 Educational Service Centers) 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. The governing board exercises total control over the operations of MEC including budgeting, appropriating, contracting, and designating management. C-TEC payments to MEC for fiscal year 2013 were \$300 for membership. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

**NOTE 19 - INSURANCE PURCHASING POOLS**

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

Beginning on January 1, 2012, C-TEC participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OASBO. 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. During fiscal year 2013, C-TEC paid \$790 for membership dues.

**NOTE 20 - CONTINGENCIES**

***A. Grants***

C-TEC received financial assistance from federal and State agencies in the form of grants. The expenditure 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, the effect of any such disallowed claims on the overall financial position of C-TEC at June 30, 2013, if applicable, cannot be determined at this time.

***B. Litigation***

C-TEC is currently not party to any litigation.

**NOTE 21 – SIGNIFICANT COMMITMENTS**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

Governmental Funds:	
General Fund	\$431,290
Adult Education Fund	12,587
Nonmajor Governmental Funds	<u>14,352</u>
Total Governmental Funds	<u><u>\$458,229</u></u>

**NOTE 22 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which C-TEC is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Adult Education	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Prepays	\$52,315	\$9,981	\$0	\$3,159	\$65,455
Unclaimed Monies	3,865	0	0	0	3,865
Materials and Supplies Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>604</u>	<u>604</u>
<i>Total Nonspendable</i>	<u>56,180</u>	<u>9,981</u>	<u>0</u>	<u>3,763</u>	<u>69,924</u>
<u>Restricted for:</u>					
Adult Education	0	802,874	0	0	802,874
Department Clubs	0	0	0	25,333	25,333
Vocational Education	0	0	0	19,654	19,654
ABLE Adult Education	0	0	0	4,770	4,770
Reducing Class Size	0	0	0	814	814
Debt Service Payments	<u>0</u>	<u>0</u>	<u>1,023,397</u>	<u>0</u>	<u>1,023,397</u>
<i>Total Restricted</i>	<u>0</u>	<u>802,874</u>	<u>1,023,397</u>	<u>50,571</u>	<u>1,876,842</u>
<u>Committed to:</u>					
Scholarships	0	0	0	1,686	1,686
Purchases on Order	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
<i>Total Committed</i>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>1,686</u>	<u>11,686</u>
<u>Assigned to:</u>					
Public School Support	28,639	0	0	0	28,639
Purchases on Order	<u>208,353</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>208,353</u>
<i>Total Assigned</i>	<u>236,992</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>236,992</u>
Unassigned:	<u>6,903,501</u>	<u>0</u>	<u>0</u>	<u>(26,918)</u>	<u>6,876,583</u>
<i>Total Fund Balances</i>	<u><u>\$7,206,673</u></u>	<u><u>\$812,855</u></u>	<u><u>\$1,023,397</u></u>	<u><u>\$29,102</u></u>	<u><u>\$9,072,027</u></u>

**NOTE 23 – SUBSEQUENT EVENTS**

Effective September 29, 2013, Ohio Revised Code Section 3311.19 changes the qualifications necessary to serve as a member of the board of education of vocational schools. Current board members will continue until the expiration of their term.

On July 23, 2013, C-TEC issued \$2,840,000 in bonds for the purpose of refunding the outstanding balance of the School Facilities Improvement General Obligation Bonds issued on December 15, 2002.

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**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$ 6,531	\$ 6,531
Cash Assistance:			
National School Breakfast Program	10.553	6,483	6,483
National School Lunch Program	10.555	71,224	71,224
Total Child Nutrition Cluster		<u>84,238</u>	<u>84,238</u>
Total U.S. Department of Agriculture		<u><b>84,238</b></u>	<u><b>84,238</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Federal Pell Grant Program	84.063	417,136	437,106
Federal Direct Student Loans	84.268	629,217	624,907
Total Student Financial Assistance Cluster		<u>1,046,353</u>	<u>1,062,013</u>
<i>Passed Through Ohio Department of Education:</i>			
Adult Education-State Grant Program	84.002	141,920	200,745
Vocational Education- Basic Grants to States	84.048	443,199	447,167
Improving Teacher Quality - State Grants	84.367	6,532	7,929
Total U.S. Department of Education		<u><b>1,638,004</b></u>	<u><b>1,717,854</b></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
FEMA	97.036	6,472	6,472
Total U.S. Department of Homeland Security		<u><b>6,472</b></u>	<u><b>6,472</b></u>
<b>Total Federal Receipts and Expenditures</b>		<u><u><b>\$ 1,728,714</b></u></u>	<u><u><b>\$ 1,808,564</b></u></u>

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Career and Technology Education Centers, Licking County, Ohio's, (the Center's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Center assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The Center reports commodities consumed on the Schedule at the fair value. The Center allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

Career and Technology Education Centers  
Licking County  
150 Price Road  
Newark, Ohio 43055

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Career and Technology Education Centers, Licking County, Ohio, (the Center) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 3, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Center's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 3, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Career and Technology Education Centers  
Licking County  
150 Price Road  
Newark, Ohio 43055

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Career and Technology Education Centers', Licking County, Ohio, (the Center's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Career and Technology Education Centers' major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Center's major federal program.

### ***Management's Responsibility***

The Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Center's compliance for the Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Center's major program. However, our audit does not provide a legal determination of the Center's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Career and Technology Education Centers complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 3, 2014

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<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 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 significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Assistance Cluster – CFDA# 84.063 and 84.268
<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?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**CAREER AND TECHNOLOGY EDUCATION CENTER  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-01	Student Financial Assistance Cluster – CFDA #84.063 and 84.268: Activities Allowed & Unallowed. Awarding financial aid for ineligible programs and awarding hours higher than approved.	Yes	N/A





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Career and Technology Education Centers  
Licking County  
150 Price Road  
Newark, Ohio 43055

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating the Career and Technology Education Centers, Licking County, Ohio, (the Center) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on January 15, 2013, to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 3, 2014

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# Dave Yost • Auditor of State

**CAREER AND TECHNOLOGY EDUCATION CENTER**

**LICKING 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 11, 2014**