



Dave Yost • Auditor of State



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Statement of Net Position .....	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Position Of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) General Fund.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) Adult Education Fund .....	20
Statement of Fiduciary Net Position – Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund .....	22
Notes to the Basic Financial Statements .....	23
Federal Awards Receipts and Expenditures Schedule.....	53
Notes to the Federal Awards Receipts and Expenditures Schedule .....	54
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	55
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance Required by OMB Circular A-133 .....	57
Schedule of Findings.....	59

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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, 2014, 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 Education Technology Centers, Licking County, Ohio, as of June 30, 2014, 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 Award 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 December 15, 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

December 15, 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, 2014 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, 2014. 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 2014 are as follows:

- Net position of governmental activities increased \$2,615,249.
- Capital assets decreased \$914,805 primarily due to current year depreciation in the amount of \$1,166,577 which was offset by capital asset additions.
- General revenues accounted for \$13,877,867 or 77 percent of total revenues of \$18,088,046. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$4,210,179, or 23 percent of total revenues.
- C-TEC had \$15,472,797 in expenses related to governmental activities; only \$4,210,179 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$13,877,867 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 2014?" 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, 2014 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 10. 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 2014 compared to 2013.

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

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2014*

*Unaudited*

**Table 1  
Net Position**

	Governmental Activities		
	2014	2013	Change
<b>Assets</b>			
Current and Other Assets	\$21,106,268	\$18,672,285	\$2,433,983
Capital Assets	34,809,523	35,724,328	(914,805)
<b>Total Assets</b>	<b>55,915,791</b>	<b>54,396,613</b>	<b>1,519,178</b>
<b>Liabilities</b>			
Long-Term Liabilities	25,722,207	27,051,675	(1,329,468)
Other Liabilities	1,180,072	1,273,513	(93,441)
<b>Total Liabilities</b>	<b>26,902,279</b>	<b>28,325,188</b>	<b>(1,422,909)</b>
<b>Deferred Inflows of Resources</b>			
Deferred Charge on Refunding	19,079	0	19,079
Property Taxes	8,132,032	7,824,273	307,759
<b>Total Deferred Inflows of Resources</b>	<b>8,151,111</b>	<b>7,824,273</b>	<b>326,838</b>
<b>Net Position</b>			
Net Investment in Capital Assets	10,262,385	9,963,866	298,519
Restricted	1,401,411	1,202,427	198,984
Unrestricted	9,198,605	7,080,859	2,117,746
<b>Total Net Position</b>	<b>\$20,862,401</b>	<b>\$18,247,152</b>	<b>\$2,615,249</b>

The increase in current and other assets is mainly due to an increase in cash and cash equivalents in the amount of \$1,963,591. The increase in cash and cash equivalents is due primarily to the reduction of expenses since fiscal year 2010 when C-TEC implemented a reduction in force. The State has continued to fund Career Centers at the same level as fiscal year 2011 funding; however, as a result of the reduction in force and stable funding, cash and cash equivalents increased in fiscal years 2012, 2013, and 2014. Property taxes receivable reflects an increase from fiscal year 2013 in the amount of \$347,756 due mainly to an increase in assessed property valuations. The \$914,805 decrease in capital assets is primarily due to current year depreciation offset by current year capital asset additions.

Other liabilities decreased in the amount of \$93,441. The decrease was due mainly to a decrease in matured compensated absences payable in the amount of \$107,507. The decrease in matured compensated absences is due to a decrease in retirements during fiscal year 2014 compared to fiscal year 2013. The \$1,329,468 decrease in long-term liabilities is primarily due to fiscal year 2014 debt principal payments in the amount of \$1,553,333. The amortization of bond premiums during fiscal year 2014 was \$426,443. The School Facilities Improvement Refunding Bonds 2010 capital appreciation bond accretion increased in the amount of \$535,163 during fiscal year 2014. Compensated absences reflect an increase of \$22,814 in fiscal year 2014.

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

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2014*

*Unaudited*

Table 2 shows the changes in net position for the fiscal year ended June 30, 2014, and comparisons to fiscal year 2013.

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

<b>Revenues</b>	<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Change</b>
Program Revenues			
Charges for Services	\$2,397,273	\$1,982,518	\$414,755
Operating Grants, Contributions and Interest	1,812,906	1,708,790	104,116
	<u>4,210,179</u>	<u>3,691,308</u>	<u>518,871</u>
General Revenue			
Property Taxes	8,695,033	8,245,238	449,795
Grants and Entitlements	5,105,896	5,129,018	(23,122)
Investment Earnings	39,947	13,877	26,070
Miscellaneous Revenue	36,991	94,623	(57,632)
	<u>13,877,867</u>	<u>13,482,756</u>	<u>395,111</u>
Total Revenues	<u>18,088,046</u>	<u>17,174,064</u>	<u>913,982</u>
<b>Program Expenses</b>			
Instruction			
Regular	351,959	344,597	7,362
Special	615,109	562,427	52,682
Vocational	4,849,887	4,866,193	(16,306)
Adult/Continuing	2,225,232	2,324,086	(98,854)
Support Services			
Pupils	544,828	550,456	(5,628)
Instructional Staff	1,665,496	985,815	679,681
Board of Education	23,150	22,244	906
Administration	1,008,474	998,388	10,086
Fiscal	530,747	423,831	106,916
Business	332,478	424,660	(92,182)
Operation and Maintenance of Plant	1,755,825	1,605,458	150,367
Pupil Transportation	23,654	13,110	10,544
Central	162,703	659,614	(496,911)
Operation of Non-Instructional Services			
Food Service Operations	245,141	249,707	(4,566)
Other	41,934	134	41,800
Extracurricular Activities	85,450	88,972	(3,522)
Interest and Fiscal Charges	1,010,730	2,798,823	(1,788,093)
Total Expenses	<u>15,472,797</u>	<u>16,918,515</u>	<u>(1,445,718)</u>
<i>Change in Net Position</i>	<u>2,615,249</u>	<u>255,549</u>	<u>2,359,700</u>
Net Position Beginning of Year	<u>18,247,152</u>	<u>17,991,603</u>	<u>255,549</u>
Net Position End of Year	<u>\$20,862,401</u>	<u>\$18,247,152</u>	<u>\$2,615,249</u>

C-TEC's net position increased \$2,615,249. Revenues increased in the amount of \$913,982 during fiscal year 2014 when compared to fiscal year 2013. The increase in revenues was largely attributed to significant increases in charges for services and property taxes. The increase in charges for services is the result of student enrollment increasing from 741 students in fiscal year 2013 to 791 students in fiscal year 2014 and an increase in the number of students in the adult education department. Property tax revenues

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

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2014*

*Unaudited*

increased during fiscal year 2014 due to an increase in property tax assessed valuations in the amount of \$56 million due to Licking County completing the triennial property tax update in 2014.

Expenses decreased in fiscal year 2014 in the amount of \$1,445,718. This decrease in expenses is due primarily to the decrease in interest and fiscal charges in the amount of \$1,788,093. Interest and fiscal charges decreased due to the decrease in scheduled interest payments on current outstanding bonds and due to the amortization of deferred outflows of resources – deferred charges on a refunding in fiscal year 2013 which brought the balance to zero at fiscal year-end 2013. C-TEC has refunded bonds in calendar year 2010 and again in calendar year 2013 in order to decrease the annual debt interest payments.

Instructional programs comprise approximately 52 percent of total governmental program expenses. Of the instructional expenses, approximately 4 percent is for regular instruction, 8 percent for special instruction, 60 percent for vocational instruction, and 28 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**

	2014 Total Cost of Services	2014 Net Cost of Services	2013 Total Cost of Services	2013 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$351,959	\$249,345	\$344,597	\$243,563
Special	615,109	299,031	562,427	281,280
Vocational	4,849,887	4,439,472	4,866,193	4,566,463
Adult/Continuing	2,225,232	259,979	2,324,086	349,577
Support Services:				
Pupils	544,828	330,964	550,456	338,549
Instructional Staff	1,665,496	1,269,914	985,815	760,144
Board of Education	23,150	23,150	22,244	22,244
Administration	1,008,474	877,361	998,388	997,196
Fiscal	530,747	530,747	423,831	423,831
Business	332,478	92,878	424,660	195,268
Operation and Maintenance of Plant	1,755,825	1,755,825	1,605,458	1,598,986
Pupil Transportation	23,654	23,654	13,110	13,110
Central	162,703	(8,452)	659,614	540,311
Operation of Non-Instructional Services				
Food Service Operations	245,141	(596)	249,707	34,983
Other	41,934	41,897	134	5
Extracurricular Activities	85,450	66,719	88,972	62,874
Interest and Fiscal Charges	1,010,730	1,010,730	2,798,823	2,798,823
<b>Totals</b>	<u>\$15,472,797</u>	<u>\$11,262,618</u>	<u>\$16,918,515</u>	<u>\$13,227,207</u>

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

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014 Unaudited*

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2014, only 27 percent of the governmental activities performed by C-TEC are supported through program revenues such as charges for services, grants, and contributions. The remaining 73 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 \$17,921,743, expenditures of \$15,875,926, and other financing sources (uses) of \$27,434.

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

The fund balance of the General Fund at June 30, 2014 is \$9,423,702, an increase of \$2,217,029 from fiscal year 2013. The majority of the increase is the result of C-TEC's Board of Education implementing cost saving measures during fiscal years 2010 through 2014. The Board of Education was aware of the financial stress that C-TEC was experiencing and as a result, implemented several cost saving measures which included 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. Property taxes revenue reflects an increase during fiscal year 2014 due to an increase in property tax valuations.

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

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

The fund balance of the Adult Education Special Revenue Fund at June 30, 2014 is \$698,146, a decrease of \$114,709 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, 2014 is \$996,393, a decrease of \$27,004 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 2014, C-TEC amended its original appropriations and as a result, fund appropriations reflect an increase of \$500,000. Final Appropriations exceeded actual expenditures by \$135,585.

C-TEC received \$3,073 more in revenues than what was expected during fiscal year 2014. Actual revenue was \$12,531,980 compared to final estimates of \$12,528,907.

The C-TEC's ending general fund budgetary balance was \$8,768,615.

**Career and Technology Education Centers of Licking County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2014, C-TEC had \$34,809,523 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2014 balances compared to 2013.

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

	<u>Government Activities</u>	
	2014	2013
Land	\$107,951	\$107,951
Construction in Progress	156,118	90,876
Buildings and Improvements	32,246,626	33,143,595
Furniture and Equipment	2,215,552	2,282,509
Vehicles	83,276	99,397
<b>Totals</b>	<b>\$34,809,523</b>	<b>\$35,724,328</b>

See Note 8 for additional information regarding capital assets.

***Debt***

At June 30, 2014, C-TEC had \$25,207,946 in debt outstanding (including premiums and accounting gain), with \$433,744 being due within one year.

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

	<u>Government Activities</u>	
	2014	2013
Construction and Equipment Long-Term Loan	\$166,667	\$200,000
School Facilities Improvement General Obligation Bonds	0	2,927,533
School Facilities Improvement Refunding Bonds	17,954,898	19,091,555
Various Purpose and Judgement Bonds	4,154,887	4,337,233
School Facilities Construction and Improvement Refunding Bonds	2,930,140	0
Capital Leases	1,354	3,907
<b>Totals</b>	<b>\$25,207,946</b>	<b>\$26,560,228</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, 2014  
Unaudited*

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### **Economic Factors**

Fiscal year 2014 is the fifth consecutive year that C-TEC has avoided deficit spending, allowing the General Fund balance to grow from \$862,797 at June 30, 2009 to just over \$9.4 million as of June 30, 2014. 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 \$5.7 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, 2014*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$10,936,202
Cash and Cash Equivalents in Segregated Accounts	6,846
Accounts Receivable	489,430
Intergovernmental Receivable	243,043
Prepaid Items	61,328
Accrued Interest Receivable	3,875
Inventory Held for Resale	1,395
Materials and Supplies Inventory	653
Property Taxes Receivable	9,363,496
Nondepreciable Capital Assets	264,069
Depreciable Capital Assets, Net	<u>34,545,454</u>
<i>Total Assets</i>	<u>55,915,791</u>
<b>Liabilities</b>	
Matured Compensated Absences	14,261
Accounts Payable	155,645
Contracts Payable	293
Accrued Wages and Benefits	569,606
Accrued Interest Payable	66,764
Intergovernmental Payable	212,691
Vacation Benefit Payable	160,812
Long-Term Liabilities:	
Due Within One Year	487,263
Due In More Than One Year	<u>25,234,944</u>
<i>Total Liabilities</i>	<u>26,902,279</u>
<b>Deferred Inflows of Resources</b>	
Deferred Charge on Refunding	19,079
Property Taxes	<u>8,132,032</u>
<i>Total Deferred Inflows of Resources</i>	<u>8,151,111</u>
<b>Net Position</b>	
Net Investment in Capital Assets	10,262,385
Restricted for:	
Debt Service	371,820
Adult Education	886,385
Other Purposes	143,206
Unrestricted	<u>9,198,605</u>
<i>Total Net Position</i>	<u><u>\$20,862,401</u></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, 2014*

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$351,959	\$1,554	\$101,060	(\$249,345)
Special	615,109	20,519	295,559	(299,031)
Vocational	4,849,887	336,506	73,909	(4,439,472)
Adult/Continuing	2,225,232	1,439,183	526,070	(259,979)
Support Services:				
Pupils	544,828	50,271	163,593	(330,964)
Instructional Staff	1,665,496	250,898	144,684	(1,269,914)
Board of Education	23,150	0	0	(23,150)
Administration	1,008,474	121,886	9,227	(877,361)
Fiscal	530,747	0	0	(530,747)
Business	332,478	0	239,600	(92,878)
Operation and Maintenance of Plant	1,755,825	0	0	(1,755,825)
Pupil Transportation	23,654	0	0	(23,654)
Central	162,703	45,036	126,119	8,452
Operation of Non-Instructional Services:				
Food Service Operations	245,141	112,652	133,085	596
Other Non-Instructional Services	41,934	37	0	(41,897)
Extracurricular Activities	85,450	18,731	0	(66,719)
Interest and Fiscal Charges	1,010,730	0	0	(1,010,730)
<b>Totals</b>	<b>\$15,472,797</b>	<b>\$2,397,273</b>	<b>\$1,812,906</b>	<b>(11,262,618)</b>

**General Revenues**

Property Taxes Levied for:

    General Purposes 6,845,230

    Debt Service 1,849,803

Grants and Entitlements not Restricted 5,105,896

Investment Earnings 39,947

Miscellaneous 36,991

**Total General Revenues 13,877,867**

*Change in Net Position 2,615,249*

*Net Position Beginning of Year 18,247,152*

***Net Position End of Year \$20,862,401***

See accompanying notes to the basic financial statements

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

*Balance Sheet*

*Governmental Funds*

*June 30, 2014*

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$9,351,842	\$688,140	\$835,045	\$61,175	\$10,936,202
Cash and Cash Equivalents in Segregated Accounts	3,806	3,040	0	0	6,846
Accounts Receivable	22,628	466,802	0	0	489,430
Interfund Receivable	257,167	0	0	0	257,167
Intergovernmental Receivable	661	37,559	0	204,823	243,043
Accrued Interest Receivable	3,875	0	0	0	3,875
Prepaid Items	46,505	11,289	0	3,534	61,328
Inventory Held for Resale	0	0	0	1,395	1,395
Materials and Supplies Inventory	0	0	0	653	653
Property Taxes Receivable	7,299,908	0	2,063,588	0	9,363,496
<i>Total Assets</i>	<u>\$16,986,392</u>	<u>\$1,206,830</u>	<u>\$2,898,633</u>	<u>\$271,580</u>	<u>\$21,363,435</u>
<b>Liabilities</b>					
Accounts Payable	\$139,242	\$10,084	\$0	\$6,319	\$155,645
Accrued Wages and Benefits	526,889	20,878	0	21,839	569,606
Matured Compensated Absences	14,261	0	0	0	14,261
Contracts Payable	293	0	0	0	293
Interfund Payable	0	177,631	0	79,536	257,167
Intergovernmental Payable	136,597	40,253	0	35,841	212,691
<i>Total Liabilities</i>	<u>817,282</u>	<u>248,846</u>	<u>0</u>	<u>143,535</u>	<u>1,209,663</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	6,351,870	0	1,780,162	0	8,132,032
Unavailable Revenue	393,538	259,838	122,078	101,008	876,462
<i>Total Deferred Inflows of Resources</i>	<u>6,745,408</u>	<u>259,838</u>	<u>1,902,240</u>	<u>101,008</u>	<u>9,008,494</u>
<b>Fund Balances</b>					
Nonspendable	50,920	11,289	0	4,187	66,396
Restricted	0	686,857	996,393	49,072	1,732,322
Committed	35,686	0	0	1,686	37,372
Assigned	228,672	0	0	0	228,672
Unassigned (Deficit)	9,108,424	0	0	(27,908)	9,080,516
<i>Total Fund Balances</i>	<u>9,423,702</u>	<u>698,146</u>	<u>996,393</u>	<u>27,037</u>	<u>11,145,278</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$16,986,392</u>	<u>\$1,206,830</u>	<u>\$2,898,633</u>	<u>\$271,580</u>	<u>\$21,363,435</u>

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, 2014*

**Total Governmental Fund Balances** \$11,145,278

*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. 34,809,523

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	493,863	
Accrued Interest Receivable	2,250	
Tuition and Fees	241,872	
Intergovernmental Receivable	138,477	876,462

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. (160,812)

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. (66,764)

Deferred inflows of resources represent deferred charge on refunding which is not reported in the funds. (19,079)

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

Long-Term Loans Payable	(166,667)	
Current Interest Serial Refunding Bonds Payable	(15,300,000)	
Capital Appreciation Refunding Bonds Payable	(309,991)	
Refunding Bonds Capital Appreciation Accretion	(1,290,232)	
Premium on Current Interest Serial Refunding Bonds	(502,762)	
Premium on Capital Appreciation Refunding Bonds	(551,913)	
General Obligation Bonds	(4,115,000)	
General Obligation Bonds Premium	(39,887)	
Refunding Serial Bonds Payable	(2,840,000)	
Premium on Refunding Serial Bonds	(90,140)	
Capital Leases Payable	(1,354)	
Compensated Absences	(514,261)	(25,722,207)

Net Position of Governmental Activities \$20,862,401

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, 2014*

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$6,906,910	\$0	\$1,831,643	\$0	\$8,738,553
Intergovernmental	5,401,455	374,906	238,318	744,813	6,759,492
Interest	40,777	0	1,282	0	42,059
Tuition and Fees	210,652	1,648,566	0	0	1,859,218
Extracurricular Activities	21,641	0	0	18,731	40,372
Rentals	0	8,039	0	0	8,039
Charges for Services	107,498	58,899	0	222,582	388,979
Contributions and Donations	45,000	0	0	3,040	48,040
Miscellaneous	29,810	5,069	0	2,112	36,991
<b>Total Revenues</b>	<b>12,763,743</b>	<b>2,095,479</b>	<b>2,071,243</b>	<b>991,278</b>	<b>17,921,743</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	99,874	0	0	95,417	195,291
Special	599,503	0	0	0	599,503
Vocational	4,572,738	0	0	48,732	4,621,470
Adult/Continuing	5,076	1,995,549	0	116,926	2,117,551
Support Services:					
Pupils	351,063	0	0	192,916	543,979
Instructional Staff	996,881	210,826	0	184,927	1,392,634
Board of Education	23,150	0	0	0	23,150
Administration	862,992	123,279	0	8,675	994,946
Fiscal	433,928	0	0	0	433,928
Business	293,157	0	31,113	0	324,270
Operation and Maintenance of Plant	1,623,320	0	0	0	1,623,320
Pupil Transportation	5,461	0	0	0	5,461
Central	29,378	45,087	0	120,505	194,970
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	208,704	208,704
Other Non-Instructional Services	41,934	0	0	0	41,934
Extracurricular Activities	68,909	0	0	16,541	85,450
Debt Service:					
Principal Retirement	35,886	0	1,520,000	0	1,555,886
Interest and Fiscal Charges	220	0	822,349	0	822,569
Issuance Costs	0	0	90,910	0	90,910
<b>Total Expenditures</b>	<b>10,043,470</b>	<b>2,374,741</b>	<b>2,464,372</b>	<b>993,343</b>	<b>15,875,926</b>
Excess of Revenues Over (Under) Expenditures:	2,720,273	(279,262)	(393,129)	(2,065)	2,045,817
<b>Other Financing Sources (Uses)</b>					
Refunding Bonds Issued	0	0	2,840,000	0	2,840,000
Premium on Refunding Bonds	0	0	94,884	0	94,884
Payment to refunded bond escrow agent	0	0	(2,907,450)	0	(2,907,450)
Transfers In	0	164,553	338,691	0	503,244
Transfers Out	(503,244)	0	0	0	(503,244)
<b>Total Other Financing Sources (Uses)</b>	<b>(503,244)</b>	<b>164,553</b>	<b>366,125</b>	<b>0</b>	<b>27,434</b>
<b>Net Change in Fund Balances</b>	<b>2,217,029</b>	<b>(114,709)</b>	<b>(27,004)</b>	<b>(2,065)</b>	<b>2,073,251</b>
Fund Balances Beginning of Year	7,206,673	812,855	1,023,397	29,102	9,072,027
<b>Fund Balances End of Year</b>	<b>\$9,423,702</b>	<b>\$698,146</b>	<b>\$996,393</b>	<b>\$27,037</b>	<b>\$11,145,278</b>

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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$2,073,251

**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	251,772	
Current Year Depreciation	<u>(1,166,577)</u>	(914,805)

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

Property Taxes	(43,520)	
Interest	(830)	
Intergovernmental	107,534	
Tuition and Fees	<u>103,119</u>	166,303

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	(26,977)	
Compensated Absences	<u>(22,814)</u>	(49,791)

Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities:

Refunding Bonds Issued	(2,840,000)	
Premium on Refunding Bonds Issued	<u>(94,884)</u>	(2,934,884)

Payment to refunded bond escrow agent is an other financing use in governmental funds, but the payment reduces long-term liabilities on the statement of net position:

2,907,450

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	338,910	
Accretion of the Capital Appreciation Bonds	(535,163)	
Accrued Interest Payable	<u>7,088</u>	(189,165)

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	1,340,000	
Refunding Bonds	180,000	
Capital Leases	<u>2,553</u>	1,555,886

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.

1,004

Change in Net Position of Governmental Activities

\$2,615,249

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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$6,700,702	\$6,858,145	\$6,858,145	\$0
Intergovernmental	5,398,998	5,408,432	5,408,432	0
Interest	25,000	24,335	27,410	3,075
Tuition and Fees	56,600	116,216	116,216	0
Contributions and Donations	0	49,822	49,822	0
Miscellaneous	40,900	60,244	60,242	(2)
<i>Total Revenues</i>	<u>12,222,200</u>	<u>12,517,194</u>	<u>12,520,267</u>	<u>3,073</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	101,955	97,535	97,535	0
Special	591,990	598,806	598,609	197
Vocational	4,465,832	4,674,585	4,669,282	5,303
Support Services:				
Pupils	358,074	332,902	332,401	501
Instructional Staff	1,024,940	1,024,761	1,024,663	98
Board of Education	24,873	22,775	22,754	21
Administration	859,503	850,770	850,770	0
Fiscal	442,537	436,180	436,180	0
Business	274,108	305,336	302,140	3,196
Operation and Maintenance of Plant	1,687,786	1,802,481	1,713,237	89,244
Pupil Transportation	5,701	5,707	5,707	0
Central	59,200	54,997	54,997	0
Non-Instructional Services	41,878	40,384	40,384	0
Extracurricular Activities	59,511	67,583	67,583	0
Debt Service:				
Principal Retirement	33,333	33,333	33,333	0
<i>Total Expenditures</i>	<u>10,031,221</u>	<u>10,348,135</u>	<u>10,249,575</u>	<u>98,560</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,190,979</u>	<u>2,169,059</u>	<u>2,270,692</u>	<u>101,633</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	11,713	11,713	0
Advances Out	(50,000)	(64,973)	(27,948)	37,025
Transfers Out	(350,000)	(518,113)	(518,113)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(400,000)</u>	<u>(571,373)</u>	<u>(534,348)</u>	<u>37,025</u>
<i>Net Change in Fund Balance</i>	1,790,979	1,597,686	1,736,344	138,658
<i>Fund Balance Beginning of Year</i>	6,601,052	6,601,052	6,601,052	0
Prior Year Encumbrances Appropriated	431,219	431,219	431,219	0
<i>Fund Balance End of Year</i>	<u>\$8,823,250</u>	<u>\$8,629,957</u>	<u>\$8,768,615</u>	<u>\$138,658</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$330,419	\$374,906	\$374,906	\$0
Tuition and Fees	1,661,106	1,635,650	1,635,650	0
Rent	10,310	8,039	8,039	0
Charges for Services	13,889	59,155	59,155	0
Miscellaneous	10,065	8,800	8,795	(5)
<i>Total Revenues</i>	<u>2,025,789</u>	<u>2,086,550</u>	<u>2,086,545</u>	<u>(5)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing	2,286,107	2,017,537	2,016,734	803
Support Services:				
Instructional Staff	192,238	214,900	214,900	0
Administration	0	119,465	119,465	0
Central	0	45,087	45,087	0
<i>Total Expenditures</i>	<u>2,478,345</u>	<u>2,396,989</u>	<u>2,396,186</u>	<u>803</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(452,556)</u>	<u>(310,439)</u>	<u>(309,641)</u>	<u>798</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	7,631	7,631	0
Advances Out	(431)	(431)	(431)	0
Transfers In	0	164,553	164,553	0
<i>Total Other Financing Sources (Uses)</i>	<u>(431)</u>	<u>171,753</u>	<u>171,753</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(452,987)</u>	<u>(138,686)</u>	<u>(137,888)</u>	<u>798</u>
<i>Fund Balance Beginning of Year</i>	805,752	805,752	805,752	0
Prior Year Encumbrances Appropriated	12,587	12,587	12,587	0
<i>Fund Balance End of Year</i>	<u>\$365,352</u>	<u>\$679,653</u>	<u>\$680,451</u>	<u>\$798</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, 2014*

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	Private Purpose	
	Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and Cash Equivalents	\$51,790	\$2,193,669
<i>Total Assets</i>	<u>51,790</u>	<u>\$2,193,669</u>
<b>Liabilities</b>		
Due to Students	0	\$74,548
Undistributed Monies	0	2,119,121
<i>Total Liabilities</i>	<u>0</u>	<u>\$2,193,669</u>
<b>Net Position</b>		
Held in Trust for Scholarships	<u>51,790</u>	
<i>Total Net Position</i>	<u>\$51,790</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, 2014*

	Scholarship
<b>Additions</b>	
Interest	\$59
Contributions and Donations	3,724
<i>Total Additions</i>	3,783
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	5,268
<i>Change in Net Position</i>	(1,485)
<i>Net Position Beginning of Year</i>	53,275
<i>Net Position End of Year</i>	\$51,790

See accompanying notes to the basic financial statements

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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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 8 administrators, 43 non-certificated employees, and 221 certificated full and part-time teaching personnel who provide services to 791 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 two insurance purchasing pools. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and the Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program, which are presented in Notes 17 and 18 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, 2014*

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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 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, 2014*

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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, regional culinary competition activities, 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, 2014*

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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 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which 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, there was no deferred outflows of resources.

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, unavailable revenue, and deferred charge on refunding. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 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. 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. 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, 2014*

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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 2014, 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 2014 amounted to \$40,777 which includes \$11,495 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, 2014 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 expensed/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, 2014*

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All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives 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 16 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, 2014*

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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, 2014*

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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, liabilities, and deferred inflows of resources. 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, 2014*

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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. For C-TEC, 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 inflows 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, 2014*

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**NOTE 3 – ACCOUNTABILITY**

The following funds had deficit fund balances as of June 30, 2014:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Other Grants	(\$12,432)
Adult Basic Education Grant	(6,311)
Vocational Education Grant	(5,631)

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.

**NOTE 4 - 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.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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	Net Change in Fund Balances	
	General	Adult Education
GAAP Basis	\$2,217,029	(\$114,709)
Net Adjustment for Revenue Accruals	(19,489)	(6,771)
Net Adjustment for Expenditure Accruals	(54,926)	(12,448)
Beginning of Fiscal Year:		
Segregated Accounts	3	877
Prepaid Items	52,315	9,981
Negative Cash Advances	(61,938)	0
Fair Value Adjustment for Investments	(11,390)	0
End of Fiscal Year:		
Segregated Accounts	(3,806)	(3,040)
Prepaid Items	(46,505)	(11,289)
Unrecorded Cash	(489)	0
Negative Cash Advances	58,144	0
Fair Value Adjustment for Investments	135	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	(16,261)	0
Advances In	11,713	7,631
Advances Out	(27,948)	(431)
Adjustment for Encumbrances	(360,243)	(7,689)
Budget Basis	<u>\$1,736,344</u>	<u>(\$137,888)</u>

**NOTE 5 - 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.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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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.

**Cash on Hand** At year end, the School District had \$4,300 in undeposited cash on hand which is included in the financial statements of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

**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 \$12,328,824. All of the bank balances were fully insured and collateralized at year-end.

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.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**Investments** As of June 30, 2014, C-TEC had the following investments.

	<u>Fair Value</u>	<u>Average Maturity</u>
Federal National Mortgage Association Notes	\$500,100	7/25/2017
Federal National Mortgage Association Notes	499,765	12/27/2017
Total	<u>\$999,865</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, 2014:

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

**NOTE 6 - 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 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 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, 2014 are available to finance fiscal year 2014 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, 2014 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, 2014, was \$737,601, \$576,253 was available to the General Fund and \$161,348 was available to the Bond Retirement Debt Service Fund. 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.

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.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$3,729,167,330	96.25%	\$3,768,515,600	95.88%
Public Utility Personal	145,352,120	3.75%	162,061,880	4.12%
	<u>\$3,874,519,450</u>	<u>100.00%</u>	<u>\$3,930,577,480</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$2.48		\$2.56

The increase in the tax rates was due to an adjustment in the bond levy rates. Tax rates are adjusted according to the amount needed for the retirement of debt service.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2014 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 \$493,863 as of June 30, 2014.



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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
Adult Education Grant	\$37,469
Carl Perkins - Secondary Grant	112,743
Carl Perkins - Adult Grant	20,506
ABLE Instructional Grant	44,224
EL/ Civics Grant	3,732
Title II-A Grant	2,703
Vocational Education Enhancement Grant	1,090
Summer Youth Grant and Job and Family Services	19,825
Tuition and Fees	93
Miscellaneous Reimbursements	<u>658</u>
Total	<u><u>\$243,043</u></u>

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Nondepreciable Capital Assets</b>				
Land	\$107,951	\$0	\$0	\$107,951
Construction in Progress	90,876	65,242	0	156,118
Total Capital Assets not being depreciated	<u>198,827</u>	<u>65,242</u>	<u>0</u>	<u>264,069</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	39,333,169	0	0	39,333,169
Furniture and Equipment	4,222,833	186,530	0	4,409,363
Vehicles	618,776	0	0	618,776
Total at Historical Cost	<u>44,174,778</u>	<u>186,530</u>	<u>0</u>	<u>44,361,308</u>
Less Accumulated Depreciation				
Buildings and Improvements	(6,195,629)	(890,914)	0	(7,086,543)
Furniture and Equipment	(1,934,269)	(259,542)	0	(2,193,811)
Vehicles	(519,379)	(16,121)	0	(535,500)
Total Accumulated Depreciation	<u>(8,649,277)</u>	<u>(1,166,577)</u>	<u>0</u>	<u>(9,815,854)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>35,525,501</u>	<u>(980,047)</u>	<u>0</u>	<u>34,545,454</u>
Governmental Activities Capital Assets, Net	<u><u>\$35,724,328</u></u>	<u><u>(\$914,805)</u></u>	<u><u>\$0</u></u>	<u><u>\$34,809,523</u></u>

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$141,716
Vocational	483,348
Adult/ Continuing Education	130,528
Support Services:	
Pupil	573
Instructional Staff	208,993
Board of Education	4,641
Administration	2,493
Fiscal	8,208
Business	124,242
Operation and Maintenance of Plant	18,193
Pupil Transportation	7,205
Central	36,437
Total Depreciation Expense	<u>\$ 1,166,577</u>

**NOTE 9 - 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 2014, C-TEC contracted with Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program (Note 18) for property, fleet, and liability insurance. Coverages provided are as follows:

Building - Replacement Cost (\$1,000 deductible)	\$55,962,360
Blanket Employee Dishonesty (\$1,000 deductible)	500,000
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 \$1,000 collision and \$1,000 comprehensive)	1,000,000
General Liability – Per Occurrence	1,000,000
General Liability - Aggregate Per Year	3,000,000
Forgery (\$1,000 deductible)	500,000
Commercial Umbrella per Occurrence	5,000,000
Commercial Umbrella Aggregate	5,000,000

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.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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During fiscal year 2014, C-TEC participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the GRP.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

Plan Description – C-TEC participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and C-TEC is required to contribute 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, 2014, 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, 2014, 2013, and 2012, were \$388,386, \$364,435, and \$341,659, respectively. For fiscal year 2014, 96.29 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

***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 system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, 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 multiplied by 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

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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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 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. C-TEC was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

C-TEC's required contributions for pension obligations to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$723,085 and \$12,152 for the fiscal year ended June 30, 2014, \$730,610 and \$9,287 for the fiscal year ended June 30, 2013, and \$714,323 and \$9,633 for the fiscal year June 30, 2012, respectively. For fiscal year 2014, 84.47 percent has been contributed for both plans with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. Contributions to STRS Ohio for the DC Plan for fiscal year 2014 were \$26,107 made by C-TEC and \$20,513 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, 2014, there were four members of the Board of Education that elected Social Security. The Board's liability is 6.2 percent of wages.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

Plan Description – C-TEC participates in two cost-sharing multiple-employer defined benefit other postemployment 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, Medicare Advantage, 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 SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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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 105(e). For fiscal year 2014, 0.14 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 2014, this amount was \$20,250. During fiscal year 2014, C-TEC paid \$11,317 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, 2014, 2013, and 2012, were \$26,046, \$15,553, and \$53,808, respectively. For fiscal year 2014, 15.28 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. C-TEC's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$22,548, \$20,569, and \$20,138, respectively. For fiscal year 2014, 96.29 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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

Plan Description – C-TEC participates in 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. Ohio law authorizes STRS to offer this plan. 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 Revised Code Chapter 3307 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, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. C-TEC's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$58,565, \$58,810, and \$57,460, respectively. For fiscal year 2014, 84.47 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 12 - 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 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 255 days for all employees. Upon retirement or upon separation after ten years of service, 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.

**NOTE 13 – 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.

The agreements provide for minimum annual rental payments as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>\$1,354</u>	<u>\$32</u>	<u>\$1,386</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 2014 totaled \$2,553 in the governmental funds.

Property under Capital Lease	\$11,396
Less: Accumulated Depreciation	<u>(10,260)</u>
Total June 30, 2014	<u>\$1,136</u>

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 14 – LONG-TERM OBLIGATIONS**

The change in C-TEC’s long-term obligations during fiscal year 2014 are as follows:

	Principal Outstanding 6/30/2013	Additions	Deductions	Principal Outstanding 6/30/2014	Due in One Year
Construction and Equipment Long-Term Loan 0%	\$200,000	\$0	\$33,333	\$166,667	\$33,334
School Facilities Improvement General Obligation Bonds 2002 Serial Bonds 3.4%-5.375%	2,840,000	0	2,840,000	0	0
Bond Premium	87,533	0	87,533	0	0
School Facilities Improvement Refunding Bonds 2010 Current Interest Serial Bonds 2.0%-4.0%	16,640,000	0	1,340,000	15,300,000	0
Capital Appreciation Bonds 2.38%-2.858%	309,991	0	0	309,991	229,056
Capital Appreciation Bond Accretion	755,069	535,163	0	1,290,232	0
Bond Premium on Current Interest Serial Bonds	558,625	0	55,863	502,762	0
Bond Premium on Capital Appreciation Bonds	827,870	0	275,957	551,913	0
Various Purpose Bonds 2010B Series Facilities Bonds Serial Bonds - 2.0%-4.0%	1,320,000	0	150,000	1,170,000	140,000
Term Bonds - 4.0%-4.125%	2,305,000	0	0	2,305,000	0
Bond Premium	34,739	0	1,930	32,809	0
Judgement Bonds Serial Bonds - 2.0%-4.0%	255,000	0	30,000	225,000	30,000
Term Bonds - 4.0%-4.125%	415,000	0	0	415,000	0
Bond Premium	7,494	0	416	7,078	0
School Facilities Improvement Refunding Bonds 2013 Serial Bonds 3.125%	0	2,840,000	0	2,840,000	0
Bond Premium	0	94,884	4,744	90,140	0
<b>Total Long-Term Bonds</b>	<b>26,556,321</b>	<b>3,470,047</b>	<b>4,819,776</b>	<b>25,206,592</b>	<b>432,390</b>
Capital Leases	3,907	0	2,553	1,354	1,354
Compensated Absences Payable	491,447	70,977	48,163	514,261	53,519
<b>Total General Long-Term Obligations</b>	<b>\$27,051,675</b>	<b>\$3,541,024</b>	<b>\$4,870,492</b>	<b>\$25,722,207</b>	<b>\$487,263</b>

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

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

*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, 2014 are as follows:

Fiscal Year Ending June 30,	Principal
2015	\$33,334
2016	33,333
2017	33,334
2018	33,333
2019	33,333
Total	<u>\$166,667</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. Then during fiscal year 2014, the remaining \$2,840,000 in outstanding serial bonds were also refunded and the refunded bonds were removed from the financial statements.

*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 was reported as deferred outflows of resources – deferred charge on refunding and was 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



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

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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.

Principal and interest requirements to the 2010 School Facilities Improvement Refunding Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Current Interest Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/ Accretion
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	1,900,000	409,400	0	0	1,900,000	409,400
2020-2023	9,285,000	778,500	0	0	9,285,000	778,500
Total	<u>\$15,300,000</u>	<u>\$3,397,563</u>	<u>\$309,991</u>	<u>\$1,910,009</u>	<u>\$15,609,991</u>	<u>\$5,307,572</u>

*2013 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 2013 School Facilities Improvement Refunding Bonds. At the date of refunding, \$2,907,450 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 2014, the refunded 2002 School Facilities Improvement General Obligation Bonds outstanding were called and paid in full and the escrow account was closed on December 2, 2013.

On November 20, 2013, C-TEC issued \$2,840,000 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 ten year period with a final maturity at December 1, 2023. The \$2,840,000 bond issue consists of serial bonds. The \$2,840,000 School Facilities Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$94,884. Issuance costs were in the amount of \$90,910. The advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of (\$20,083). This difference is being reported in the accompanying financial statements as deferred inflows 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 \$458,788. The issuance resulted in a total economic gain of \$403,804. On December 2, 2013, the refunded 2002 School Facilities Improvement General Obligation Bonds were called and paid in full.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

Principal and interest requirements to retire the remaining bonds of the 2002 School Facilities Improvement General Obligation Bonds outstanding at June 30, 2014 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$0	\$88,750
2016	0	88,750
2017	0	88,750
2018	0	88,750
2019	0	88,750
2020-2024	2,840,000	399,375
Total	<u>\$2,840,000</u>	<u>\$843,125</u>

*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 \$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 due December 1, 2022, 2024, 2026, 2028, and 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:

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

Year Ending December 31	Issue				
	\$460,000	\$500,000	\$550,000	\$600,000	\$610,000
2021	\$225,000	\$0	\$0	\$0	\$0
2023	0	250,000	0	0	0
2025	0	0	270,000	0	0
2027	0	0	0	290,000	0
2029	0	0	0	0	315,000
Total mandatory sinking fund payments	225,000	250,000	270,000	290,000	315,000
Amount due at stated maturity	235,000	250,000	280,000	310,000	295,000
Total	<u>\$460,000</u>	<u>\$500,000</u>	<u>\$550,000</u>	<u>\$600,000</u>	<u>\$610,000</u>
Stated Maturity	12/1/2022	12/1/2024	12/1/2026	12/1/2028	12/1/2030

Principal and interest requirements to retire the 2010 Various Purpose Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Facilities Bonds		Judgment Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	170,000	110,444	35,000	20,106	205,000	130,550
2020-2024	960,000	444,145	185,000	79,570	1,145,000	523,715
2025-2029	1,175,000	232,644	225,000	38,770	1,400,000	271,414
2030-2031	535,000	22,172	75,000	2,579	610,000	24,751
Total	<u>\$3,475,000</u>	<u>\$1,305,380</u>	<u>\$640,000</u>	<u>\$231,550</u>	<u>\$4,115,000</u>	<u>\$1,536,930</u>

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

C-TEC's overall legal debt margin was \$332,016,708 with an unvoted debt margin of \$3,930,577 at June 30, 2014.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 15 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2014, consist of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds:		
General Fund	\$257,167	\$0
Adult Education Special Revenue Fund	0	177,631
Total Major Funds	<u>257,167</u>	<u>177,631</u>
Other Nonmajor Governmental Funds:		
Vocational Education Enhancement	0	935
Other Grant	0	20,317
Title II-A	0	1,889
ABLE Adult Basic Education	0	22,731
Carl Perkins Vocational Education	0	33,664
Total Other Nonmajor Governmental Funds	<u>0</u>	<u>79,536</u>
Total All Funds	<u>\$257,167</u>	<u>\$257,167</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 \$164,553 from the General Fund to the Adult Education Special Revenue Fund for reimbursement of expenditures paid from the Adult Education Special Revenue Fund. C-TEC also transferred \$338,691 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.

**NOTE 16 - 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.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2013	\$0
Current Year Set-Aside Requirement	103,004
Current Year Qualifying Disbursements	(428,566)
Excess Qualified Expenditures from Prior Years	<u>0</u>
Total	<u><u>(\$325,562)</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 17 - 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 over thirty entities within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, and Medina 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 2014 were \$55,541. 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.

***B. Metropolitan Educational Council***

C-TEC participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 280 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 57 counties in Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. C-TEC participates in the insurance purchasing pool. The governing board of MEC is composed of a delegate and alternative representative from each member district in Franklin County and one representative from each county outside of Franklin County. The members will consist of a board of education member or a school district administrator.

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

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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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 2014 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 18 - INSURANCE PURCHASING POOLS**

***A. 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 2014, C-TEC paid \$843 for membership dues.

***B. Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program***

C-TEC participates in the Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program (Council). The Council's business and affairs are conducted by a six member committee consisting of various Council representatives that are elected by the general assembly. The purpose of the Council is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage, and other protections for participants. During fiscal year 2014, C-TEC paid \$79,350 to the Council for insurance coverage.

**NOTE 19 - 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, 2014, if applicable, cannot be determined at this time.

***B. Litigation***

C-TEC is currently not party to any litigation.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**NOTE 20 – 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:

Governmental Funds:	
General Fund	\$360,243
Adult Education Fund	7,689
Nonmajor Governmental Funds	40,778
Total Governmental Funds	<u><u>\$408,710</u></u>

**NOTE 21 – 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:

<u>Fund Balances</u>	<u>General</u>	<u>Adult Education</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Nonspendable:</u>					
Prepays	\$46,505	\$11,289	\$0	\$3,534	\$61,328
Unclaimed Monies	4,415	0	0	0	4,415
Materials and Supplies Inventory	0	0	0	653	653
<i>Total Nonspendable</i>	<u>50,920</u>	<u>11,289</u>	<u>0</u>	<u>4,187</u>	<u>66,396</u>
<u>Restricted for:</u>					
Adult Education	0	686,857	0	0	686,857
Food Service Operations	0	0	0	20,735	20,735
Department Clubs	0	0	0	27,523	27,523
Reducing Class Size	0	0	0	814	814
Debt Service Payments	0	0	996,393	0	996,393
<i>Total Restricted</i>	<u>0</u>	<u>686,857</u>	<u>996,393</u>	<u>49,072</u>	<u>1,732,322</u>
<u>Committed to:</u>					
Scholarships	0	0	0	1,686	1,686
Purchases on Order	35,686	0	0	0	35,686
<i>Total Committed</i>	<u>35,686</u>	<u>0</u>	<u>0</u>	<u>1,686</u>	<u>37,372</u>
<u>Assigned to:</u>					
Public School Support	26,448	0	0	0	26,448
Purchases on Order	202,224	0	0	0	202,224
<i>Total Assigned</i>	<u>228,672</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>228,672</u>
Unassigned:	9,108,424	0	0	(27,908)	9,080,516
<i>Total Fund Balances</i>	<u><u>\$9,423,702</u></u>	<u><u>\$698,146</u></u>	<u><u>\$996,393</u></u>	<u><u>\$27,037</u></u>	<u><u>\$11,145,278</u></u>

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**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2014**

<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	\$ 9,005	\$ 9,005
Cash Assistance:			
National School Breakfast Program	10.553	9,918	9,918
National School Lunch Program	10.555	87,797	87,797
Total Child Nutrition Cluster		<u>106,720</u>	<u>106,720</u>
Total U.S. Department of Agriculture		<u><b>106,720</b></u>	<u><b>106,720</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Federal Pell Grant Program	84.063	480,042	480,042
Federal Direct Student Loans	84.268	644,179	640,559
Total Student Financial Assistance Cluster		<u>1,124,221</u>	<u>1,120,601</u>
<i>Passed Through Ohio Department of Education:</i>			
Adult Education-State Grant Program	84.002	180,538	183,043
Career and Technical Education- Basic Grants to States	84.048	463,070	454,584
Improving Teacher Quality - State Grants	84.367	1,451	2,703
Total U.S. Department of Education		<u><b>1,769,280</b></u>	<u><b>1,760,931</b></u>
<b>Total Federal Receipts and Expenditures</b>		<u><b>\$ 1,876,000</b></u>	<u><b>\$ 1,867,651</b></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, 2014**

**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 (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, 2014, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 15, 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, flowing style.

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

December 15, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH 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 Each Major Federal Program***

We have audited the Career and Technology Education Centers' (the Center) 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 each of the Career and Technology Education Centers' major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Center's major federal programs.

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

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

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

Our responsibility is to opine on the Center's compliance for each of the Center's major federal programs 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 programs. However, our audit does not provide a legal determination of the Center's compliance.

***Opinion on Each 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 each of its major federal programs for the year ended June 30, 2014.

***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 each 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 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

December 15, 2014

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

**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. Career and Technical Education – Basic Grants to States (Perkins IV)– CFDA# 84.048
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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

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# Dave Yost • Auditor of State

**CAREER AND TECHNOLOGY EDUCATION CENTERS (C-TEC)**

**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  
DECEMBER 30, 2014**