



Dave Yost • Auditor of State

**MAHONING COUNTY CAREER AND TECHNICAL CENTER
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Mahoning County Career and Technical Center
Mahoning County
7300 North Palmyra Road
Canfield, Ohio 44406

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 Mahoning County Career and Technical Center, Mahoning 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 Mahoning County Career and Technical Center, Mahoning County, Ohio, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund 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 Schedule of Federal Award Receipts and Expenditures 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 of Federal Award Receipts and Expenditures is management's responsibility, and derives from and relate 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 schedules 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 4, 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 4, 2014

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Mahoning County Career & Technical Center

Mahoning County, Ohio

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

This discussion and analysis of the Mahoning County Career & Technical Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2014, by \$33,183,613 and net position decreased by \$596,993 during the fiscal year.
- General revenues accounted for \$11,060,681 in revenue or 83 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$2,236,378 or 17 percent of total revenues of \$13,297,059. The increase in total revenue was the result of an increase in property taxes from the prior fiscal year.
- The District had \$13,894,052 in expenses related to governmental activities; only \$2,236,378 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,060,681 were not quite adequate to provide for these programs this fiscal year.
- The general fund had \$11,408,389 in revenues and \$11,251,027 in expenditures, excluding other financing sources and uses. The general fund balance increased by \$108,777 to \$21,359,211, which represents an increase of less than one percent.
- During fiscal year 2014, the District made its scheduled principal and interest payment on the outstanding certificates of participation in the amount of \$400,000 and \$626,288, respectively.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements begin at a summary level then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant fund with all other non-major funds presented in total in one column. The general fund is the most significant governmental fund of the District and is the only fund reported as major.

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine whether the District is financially improving or declining as a result of the year's financial activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Changes to the District's net position are a direct result of the District's property tax base, facility conditions, required educational programs, student enrollment, and general inflation.

In the Statement of Net Position and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The general fund is the most significant governmental fund of the District and is the only fund reported as major.

Governmental Funds

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

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

The District as a Whole

As stated previously the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's Net Position for fiscal year 2014 compared to 2013.

Net Position (Table 1)			
Governmental Activities			
	2014	2013	Change
Assets			
Current and Other Assets	\$29,274,344	\$29,428,794	(\$154,450)
Capital Assets, Net	25,584,148	26,439,110	(854,962)
<i>Total Assets</i>	54,858,492	55,867,904	(1,009,412)
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,537,479	1,606,321	(68,842)
Liabilities			
Current Liabilities	950,275	1,038,118	(87,843)
Long-Term Liabilities			
Due within One Year	478,837	466,059	12,778
Due in More than One Year	15,455,253	15,919,755	(464,502)
<i>Total Liabilities</i>	16,884,365	17,423,932	(539,567)
Deferred Inflows of Resources			
Property Taxes	6,327,993	6,269,687	58,306
Net Position			
Net Investment in Capital Assets	12,305,498	12,831,266	(525,768)
Restricted	14,912,165	15,501,575	(589,410)
Unrestricted	5,965,950	5,447,765	518,185
<i>Total Net Position</i>	\$33,183,613	\$33,780,606	(\$596,993)

Total assets decreased by \$1,009,412 during the fiscal year. Capital assets decreased by \$854,962 due to depreciation exceeding current year outlays, current and other assets also decreased by \$154,450. Cash and investment balances and receivables decreased slightly from the prior year.

Total liabilities decreased by \$539,567. The majority of this decrease was due to a decrease of \$53,688 in long-term compensated absences payable from the prior fiscal year as well as a \$400,000 principal reduction payment being made on the outstanding certificates of participation.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,183,613.

At fiscal year-end, capital assets represented nearly 47 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2014, was \$12,305,498. These capital assets are used to provide services to the students and are not available for future spending.

Mahoning County Career & Technical Center

Mahoning County, Ohio

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

Table 2 shows the change in Net Position for fiscal year ended June 30, 2014 as compared to 2013.

Table 2
Change in Net Position
Governmental Activities

	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,434,687	\$1,686,080	(\$251,393)
Operating Grants and Contributions	801,691	952,846	(151,155)
<i>Total Program Revenues</i>	<u>2,236,378</u>	<u>2,638,926</u>	<u>(402,548)</u>
General Revenues			
Property Taxes	6,218,643	6,065,671	152,972
Grants and Entitlements not Restricted to Specific Programs	4,364,357	3,982,445	381,912
Investment Earnings	308,958	(92,160)	401,118
Miscellaneous	168,723	190,687	(21,964)
<i>Total General Revenues</i>	<u>11,060,681</u>	<u>10,146,643</u>	<u>914,038</u>
<i>Total Revenues</i>	<u>13,297,059</u>	<u>12,785,569</u>	<u>511,490</u>
Program Expenses			
Current:			
Instruction:			
Regular	1,431,606	1,372,351	59,255
Vocational	5,633,855	4,530,392	1,103,463
Adult/Continuing	1,125,645	1,006,791	118,854
Support Services:			
Pupils	922,086	1,012,549	(90,463)
Instructional Staff	677,906	1,451,513	(773,607)
Board of Education	51,797	43,001	8,796
Administration	1,111,326	764,500	346,826
Fiscal	411,593	423,545	(11,952)
Business	230	351	(121)
Operation and Maintenance of Plant	1,262,296	1,268,625	(6,329)
Pupil Transportation	26,865	44,858	(17,993)
Central	153,097	131,444	21,653
Operation of Non-Instructional Services	2,053	876	1,177
Operation of Food Services	300,755	305,570	(4,815)
Extracurricular Activities	86,681	72,644	14,037
Interest and Fiscal Charges	696,261	705,135	(8,874)
<i>Total Program Expenses</i>	<u>13,894,052</u>	<u>13,134,145</u>	<u>759,907</u>
<i>Change in Net Position</i>	<u>(596,993)</u>	<u>(348,576)</u>	<u>(248,417)</u>
Net Position Beginning of Year	<u>33,780,606</u>	<u>34,129,182</u>	<u>(348,576)</u>
<i>Net Position End of Year</i>	<u>\$33,183,613</u>	<u>\$33,780,606</u>	<u>(\$596,993)</u>

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

Governmental Activities

Net Position of the District's governmental activities decreased \$596,993 during fiscal year 2014. Total governmental expenses of \$13,894,052 were partially offset by program revenues of \$2,236,378 and general revenues of \$11,060,681. General revenues supported 80 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent over 80 percent of all governmental revenue.

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$8,191,106	\$6,731,417	\$6,909,534	\$5,567,457
Support Services	4,617,196	4,144,494	5,140,386	4,132,305
Operation of Non-Instructional Services	2,053	(16,571)	876	834
Food Service Operation	300,755	15,392	305,570	20,313
Extracurricular Activities	86,681	86,681	72,644	69,175
Interest and Fiscal Charges	696,261	696,261	705,135	705,135
<i>Total Expenditures</i>	<u>\$13,894,052</u>	<u>\$11,657,674</u>	<u>\$13,134,145</u>	<u>\$10,495,219</u>

The District's Funds

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, including other financing sources, of \$13,405,275 to offset expenditures, including other financing uses, of \$13,474,220. The net change in fund balance for the year was most significant in the general fund, which increased \$108,777. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes are the largest revenue source, accounting for more than 46 percent of total governmental revenue, excluding other financing sources.

General Fund The District's general fund balance increased \$108,777 from \$21,250,434 to \$21,359,211. Overall, revenues increased \$716,177 with the majority of this increase relating to earnings on investments. Expenditures also increased by \$546,941 with instruction expenditures increasing \$1,018,881 during fiscal year 2014.

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the District, the general fund.

During the course of fiscal year 2014, the District approved amendments to its original general fund appropriations. The District budget is adopted on a fund basis and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual revenue and other financing sources totaled \$198,873 more than original estimates and \$56,680 more than final estimates. Actual expenditures and other financing uses totaled \$230,689 less than original appropriations and \$776,177 less than final amended appropriations. The majority of this difference was due to a conservative budgeting approach.

Capital Assets

At the end of fiscal year 2014, the District had \$25,584,148 invested in land, land improvements, buildings and improvements, furniture, fixtures 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>2014</u>	<u>2013</u>
Land	\$125,000	\$125,000
Land Improvements	12,695	13,929
Buildings and Improvements	23,956,763	24,671,091
Furniture, Fixtures and Equipment	1,418,804	1,558,811
Vehicles	<u>70,886</u>	<u>70,279</u>
<i>Total</i>	<u><u>\$25,584,148</u></u>	<u><u>\$26,439,110</u></u>

All capital assets, except land, are reported net of depreciation. The \$854,962 decrease in capital assets was the result of current year depreciation of \$1,005,614 and net deletions of \$15,395 exceeding current year additions of \$166,047. For more information about the District's capital assets, see Note 10 to the basic financial statements.

Long-Term Obligations

In a prior fiscal year, the District issued \$15,300,000 in Certificates of Participation for the purpose of constructing, furnishing, improving, equipping, lease and eventual acquisition, of additions, renovations and other improvements to the Career Center Building and related site improvements. During fiscal year 2011, the District advance refunded all but \$450,000 of these certificates. The refunding Certificates of Participation were issued in the amount of \$16,360,000, and included an original issue discount of \$53,037. The advance refunding resulted in a net present value benefit of \$1,914,257 and \$3,357,956 in cash flow savings for the District.

Mahoning County Career & Technical Center

Mahoning County, Ohio

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

The refunding Certificates of Participation will be repaid over 28 years with principal payment beginning in fiscal year 2011. The District made its scheduled principal payment of \$400,000 during the fiscal year. The following table summarizes the District's outstanding long-term obligations.

**Table 5
Outstanding Long-Term Obligations**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
10/15/09 Advance Refunded Certificates of Participation	\$14,860,000	\$15,260,000
Unamortized Original Issue Discount	(43,871)	(45,835)
Compensated Absences	1,117,961	1,171,649
Totals	<u>\$15,934,090</u>	<u>\$16,385,814</u>

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District. For more information about the District's long-term obligations, see Note 16 to the basic financial statements.

Current Related Financial Activity

Effective July 1, 2013 the new two year state operating budget in the form of House Bill 59 was signed into law by Governor Kasich. The biennial budget bill included many changes for local school districts including a new funding model for career and technical education. The basic aid formula is similar to previous years, with the exception of using a three year annualized ADM for the calculation. Increases will be capped in each of two fiscal periods, 6.2 percent in 2014 and 10.5 percent in 2015. Weighted funds will be based on specific dollar amounts from program "tiers" developed by the Department of Education and the Governor's Office of Workforce Transformation.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Blaise Karlovic, Treasurer, Mahoning County Career & Technical Center, 7300 North Palmyra Road, Canfield, Ohio 44406 or email at BLAISE.KARLOVIC@MAHONINGCTC.COM.

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Mahoning County Career & Technical Center

Mahoning County, Ohio

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,821,014
Investments	19,483,426
Accrued Interest Receivable	4,854
Accounts Receivable	102,233
Intergovernmental Receivable	10,360
Property Taxes Receivable	6,828,648
Inventory Held for Resale	4,080
Materials and Supplies Inventory	19,729
Nondepreciable Capital Assets	125,000
Depreciable Capital Assets, Net	25,459,148
<i>Total Assets</i>	<u>54,858,492</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>1,537,479</u>
Liabilities	
Accounts Payable	36,406
Accrued Wages and Benefits Payable	748,596
Intergovernmental Payable	113,499
Accrued Interest Payable	51,774
Long-Term Liabilities:	
Due Within One Year	478,837
Due In More Than One Year	15,455,253
<i>Total Liabilities</i>	<u>16,884,365</u>
Deferred Inflows of Resources	
Property Taxes	<u>6,327,993</u>
Net Position	
Net Investment in Capital Assets	12,305,498
Restricted for:	
Capital Projects	524
Debt Service	14,816,129
Other Purposes	95,512
Unrestricted	5,965,950
<i>Total Net Position</i>	<u>\$33,183,613</u>

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center

Mahoning County, Ohio

*Statement of Activities
For the Fiscal Year Ended June 30, 2014*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$1,431,606	\$99,911	\$0	(\$1,331,695)
Vocational	5,633,855	379,153	2,955	(5,251,747)
Adult/Continuing	1,125,645	753,286	224,384	(147,975)
Support Services:				
Pupils	922,086	0	246,198	(675,888)
Instructional Staff	677,906	26,334	71,865	(579,707)
Board of Education	51,797	0	0	(51,797)
Administration	1,111,326	50,239	27,910	(1,033,177)
Fiscal	411,593	0	0	(411,593)
Business	230	0	0	(230)
Operation and Maintenance of Plant	1,262,296	3,694	746	(1,257,856)
Pupil Transportation	26,865	0	0	(26,865)
Central	153,097	0	45,716	(107,381)
Operation of Non-Instructional Services	2,053	17,432	1,192	16,571
Operation of Food Services	300,755	104,638	180,725	(15,392)
Extracurricular Activities	86,681	0	0	(86,681)
Interest and Fiscal Charges	696,261	0	0	(696,261)
<i>Total Governmental Activities</i>	<u>\$13,894,052</u>	<u>\$1,434,687</u>	<u>\$801,691</u>	<u>(11,657,674)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				6,218,643
Grants and Entitlements not				
Restricted to Specific Programs				4,364,357
Investment Earnings				308,958
Miscellaneous				168,723
<i>Total General Revenues</i>				<u>11,060,681</u>
Change in Net Position				(596,993)
<i>Net Position Beginning of Year</i>				33,780,606
<i>Net Position End of Year</i>				<u>\$33,183,613</u>

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center

Mahoning County, Ohio

Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,623,058	\$197,956	\$2,821,014
Investments	19,483,426	0	19,483,426
Accrued Interest Receivable	4,854	0	4,854
Accounts Receivable	58,769	43,464	102,233
Interfund Receivable	1,688	0	1,688
Intergovernmental Receivable	0	10,360	10,360
Property Taxes Receivable	6,828,648	0	6,828,648
Inventory Held for Resale	0	4,080	4,080
Materials and Supplies Inventory	18,525	1,204	19,729
<i>Total Assets</i>	<u>\$29,018,968</u>	<u>\$257,064</u>	<u>\$29,276,032</u>
Liabilities			
Accounts Payable	\$25,572	\$10,834	\$36,406
Accrued Wages and Benefits Payable	694,053	54,543	748,596
Intergovernmental Payable	103,163	10,336	113,499
Interfund Payable	0	1,688	1,688
<i>Total Liabilities</i>	<u>822,788</u>	<u>77,401</u>	<u>900,189</u>
Deferred Inflows of Resources			
Property Taxes	6,327,993	0	6,327,993
Unavailable Revenue - Property Taxes	496,098	0	496,098
Unavailable Revenue - Tuition & Fees	12,878	0	12,878
<i>Total Deferred Inflows of Resources</i>	<u>6,836,969</u>	<u>0</u>	<u>6,836,969</u>
Fund Balances			
Nonspendable	18,525	1,204	19,729
Restricted	0	196,535	196,535
Committed	0	524	524
Assigned	15,096,949	0	15,096,949
Unassigned (Deficit)	6,243,737	(18,600)	6,225,137
<i>Total Fund Balances</i>	<u>21,359,211</u>	<u>179,663</u>	<u>21,538,874</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$29,018,968</u>	<u>\$257,064</u>	<u>\$29,276,032</u>

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center

Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities*

June 30, 2014

Total Governmental Fund Balances		\$21,538,874
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		25,584,148
Other long-term assets are not available to pay for current- period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	496,098	
Tuition & Fees	<u>12,878</u>	
Total		508,976
Deferred outflows of resources represent deferred charges on refunding which do not provide current financial resources and therefore are not reported in the funds.		1,537,479
In the statement of activities, interest is accrued on outstanding certificates of participation, whereas in governmental funds, an interest expenditure is reported when due.		(51,774)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation Payable	(14,860,000)	
Discount on Certificates of Participation Payable	43,871	
Compensated Absences	<u>(1,117,961)</u>	
Total		<u>(15,934,090)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$33,183,613</u></u>

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center

Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$6,274,013	\$0	\$6,274,013
Tuition and Fees	432,475	753,286	1,185,761
Interest	308,946	12	308,958
Charges for Services	48,020	167,705	215,725
Rentals	17,432	17,200	34,632
Contributions and Donations	2,955	0	2,955
Intergovernmental	4,173,886	989,207	5,163,093
Miscellaneous	150,662	18,061	168,723
<i>Total Revenues</i>	<u>11,408,389</u>	<u>1,945,471</u>	<u>13,353,860</u>
Expenditures			
Current:			
Instruction:			
Regular	1,409,850	0	1,409,850
Vocational	4,728,239	0	4,728,239
Adult/Continuing	0	1,112,775	1,112,775
Support Services:			
Pupils	713,986	242,026	956,012
Instructional Staff	500,391	214,941	715,332
Board of Education	51,797	0	51,797
Administration	802,769	237,401	1,040,170
Fiscal	407,670	0	407,670
Business	230	0	230
Operation and Maintenance of Plant	1,163,167	17,947	1,181,114
Pupil Transportation	21,935	0	21,935
Central	107,505	45,592	153,097
Operation of Non-Instructional Services	861	1,192	2,053
Operation of Food Services	0	290,029	290,029
Extracurricular Activities	71,857	0	71,857
Capital Outlay	244,482	11,290	255,772
Debt Service:			
Principal Retirement	400,000	0	400,000
Interest and Fiscal Charges	626,288	0	626,288
<i>Total Expenditures</i>	<u>11,251,027</u>	<u>2,173,193</u>	<u>13,424,220</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>157,362</u>	<u>(227,722)</u>	<u>(70,360)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	1,415	0	1,415
Transfers In	0	50,000	50,000
Transfers Out	(50,000)	0	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(48,585)</u>	<u>50,000</u>	<u>1,415</u>
<i>Net Change in Fund Balances</i>	108,777	(177,722)	(68,945)
<i>Fund Balance Beginning of Year</i>	21,250,434	357,385	21,607,819
<i>Fund Balance End of Year</i>	<u>\$21,359,211</u>	<u>\$179,663</u>	<u>\$21,538,874</u>

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center
Mahoning County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$68,945)

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which depreciation
exceeded capital outlay in the current period.

Capital Outlay	166,047
Current Year Depreciation	<u>(1,005,614)</u>

Total (839,567)

The net effect of various transactions involving capital assets
(i.e.; disposals and sales) is a decrease in net position.

Assets Disposed	(369,709)
Accumulated Depreciation on Disposals	<u>354,314</u>

Total (15,395)

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

Property Taxes	(55,370)
Tuition & Fees	<u>(1,431)</u>

Total (56,801)

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

400,000

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

Accrued Interest on Certificates of Participation	833
Amortization of Discount	(1,964)
Amortization of Deferred Outflow from Refunding	<u>(68,842)</u>

Total (69,973)

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

53,688

Change in Net Position of Governmental Activities

(\$596,993)

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$6,256,656	\$6,270,184	\$6,273,981	\$3,797
Tuition and Fees	384,561	395,212	396,900	1,688
Interest	186,719	191,890	192,710	820
Charges for Services	55,000	47,098	48,020	922
Rentals	16,890	17,358	17,432	74
Contributions and Donations	2,863	2,942	2,955	13
Intergovernmental	4,044,198	4,156,205	4,173,961	17,756
Miscellaneous	97,639	100,343	130,538	30,195
<i>Total Revenues</i>	<u>11,044,526</u>	<u>11,181,232</u>	<u>11,236,497</u>	<u>55,265</u>
Expenditures				
Current:				
Instruction:				
Regular	1,392,160	1,411,299	1,398,871	12,428
Vocational	4,736,844	4,769,520	4,736,454	33,066
Support Services:				
Pupils	748,388	780,362	751,341	29,021
Instructional Staff	1,014,952	1,044,202	517,400	526,802
Board of Education	52,937	60,972	58,106	2,866
Administration	792,893	829,930	799,701	30,229
Fiscal	393,610	411,564	397,064	14,500
Business	250	261	252	9
Operation and Maintenance of Plant	1,237,013	1,307,036	1,210,245	96,791
Pupil Transportation	22,626	23,552	21,871	1,681
Central	100,276	117,236	115,675	1,561
Operation of Non-Instructional Services	856	893	861	32
Extracurricular Activities	77,044	89,772	86,819	2,953
Capital Outlay	264,357	457,328	433,090	24,238
Debt Service:				
Principal Retirement	400,000	400,000	400,000	0
Interest and Fiscal Charges	626,288	626,288	626,288	0
<i>Total Expenditures</i>	<u>11,860,494</u>	<u>12,330,215</u>	<u>11,554,038</u>	<u>776,177</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(815,968)</u>	<u>(1,148,983)</u>	<u>(317,541)</u>	<u>831,442</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	1,415	1,415
Advances In	0	5,287	5,287	0
Advances Out	0	(1,688)	(1,688)	0
Transfers Out	0	(74,079)	(74,079)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(70,480)</u>	<u>(69,065)</u>	<u>1,415</u>
<i>Net Change in Fund Balance</i>	<u>(815,968)</u>	<u>(1,219,463)</u>	<u>(386,606)</u>	<u>832,857</u>
<i>Fund Balance Beginning of Year</i>	21,677,903	21,677,903	21,677,903	0
<i>Prior Year Encumbrances Appropriated</i>	643,767	643,767	643,767	0
<i>Fund Balance End of Year</i>	<u>\$21,505,702</u>	<u>\$21,102,207</u>	<u>\$21,935,064</u>	<u>\$832,857</u>

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center

Mahoning County, Ohio

Statement of Net Position

Fiduciary Funds

June 30, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$34,270</u>
Liabilities	
Due to Students	<u>\$34,270</u>

See accompanying notes to the basic financial statements

Mahoning County Career & Technical Center

Mahoning County, Ohio

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

Note 1 - Description of the School District and Reporting Entity

The Mahoning County Career & Technical Center (School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes thirteen member schools spread throughout Mahoning, Trumbull, Columbiana and Portage Counties.

The School District operates under a seven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts, Struthers and Campbell. The Mahoning County Educational Service Center Governing Board cannot directly impose their will on the School District; therefore, the School District is a related organization of the Mahoning County Educational Service Center.

A. Reporting Entity

The reporting entity is composed of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District this includes the agencies and departments that provide the following services: general operations, food service, adult education and student related activities of the School District.

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

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

City of Canfield - The city government is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Member School Districts - The School District accepts non-tuition students from each of the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered a part of the School District.

Mahoning County Career & Technical Center

Mahoning County, Ohio

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

Canfield Branch of the Mahoning County Public Library - The Library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District does not serve as the taxing authority for the Library.

The School District participates in certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 15 to the basic financial statements and the public entity risk pools are presented in Note 18. These organizations are:

- *Area Cooperative Computerized Educational Service System/ACCESS Assembly
- *Mahoning Area Consortium Tech Prep
- *Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program
- *Ohio School Plan
- *Mahoning County Insurance Consortium
- *Ohio Schools Council

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net 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 the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

Fund Financial Statements:

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary funds.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

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

The other governmental funds of the District account for grants and other resources, and capital projects of the District, whose uses are restricted, committed or assigned to a particular purpose.

Fiduciary Fund Type:

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 the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds are agency funds that account for student activities, unclaimed funds and district agency payments.

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

C. Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District 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, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations 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 and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows, deferred outflows, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of net position and balance sheets 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 the District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position and balance sheets 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 the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 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 the District unavailable revenue includes delinquent property taxes and tuition and fees. 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 governmental funds.

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. 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 certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

Mahoning County Career & Technical Center

Mahoning County, Ohio

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

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

F. Cash and Cash Equivalents and Investments

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

During fiscal year 2014, investments were limited to United States Treasury bills and notes, mutual funds and securities issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, the Private Export Funding Corporation and the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$308,946, of which \$821 was assigned from other School District funds. The interest revenue amount reported included a non-cash cost basis to market value adjustment made on the District's investments as of the balance sheet date. Interest credited to the general fund on a cash (budget) basis amounted to \$192,710.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District, and investments maturing within three months of fiscal year end are presented on the financial statements as cash equivalents. Investments with an original maturity of more than one year or maturing more than three months after fiscal year end are presented on the financial statements as investments.

G. Inventory

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

H. Capital Assets

The School District's only capital assets are 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.

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 years
Buildings and Improvements	45 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	5 - 20 years

I. Discount on Certificates of Participation

On the government-wide financial statements, certificate discounts are deferred and amortized over the term of the certificates using the straight line method. Discounts are presented as a decrease of the face amount of the certificates of participation payable. On fund financial statements, discounts are expensed in the year issued.

J. Deferred Amount (Loss) on Refunding

The difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss amortized over the remaining life of the old or new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

Mahoning County Career & Technical Center

Mahoning County, Ohio

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Net Position

Net position represents the difference between all other elements in a statement of financial position. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services and food service operation.

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

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the 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 legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, 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 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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District 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 use in satisfying those contractual requirements.

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Assigned Amounts in the assigned fund balance classification are intended to be used by the District 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. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

Unassigned 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 balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District 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 amounts in any of the unrestricted fund balance classifications could be used.

O. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

P. Interfund Balances

On the fund financial statements, receivables and payables resulting short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net position.

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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

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Note 3 – Change in Accounting Principles

For fiscal year 2014, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”, Statement No. 67, “Financial Reporting for Pension Plans”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

Note 4 – Accountability

At June 30, 2014, the Food Service special revenue fund had a deficit fund balance of \$17,396, which was created by 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.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).

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4. The change in fair value of investments is not included on the budget basis operating statement, however, it is included on the GAAP basis operating statement.
 5. *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP basis).

*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the uniform school supplies and public school support special revenue funds.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$108,777
Net Adjustment for Revenue Accruals	(51,753)
Advances In	5,287
Advances Out	(1,688)
Beginning Fair Value Adjustment	(255,213)
Ending Fair Value Adjustment	133,550
Net Adjustment for Expenditure Accruals	(31,201)
Net Adjustment for Funds Budgeted as Special Revenue	1,524
Adjustment for Encumbrances	<u>(295,889)</u>
Budget Basis	<u><u>(\$386,606)</u></u>

Note 6 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

Inactive deposits are public deposits that the School District 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.

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Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements.

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Deposits At fiscal year end, the carrying amount of the School District's deposits was \$2,854,639. As of June 30, 2014, all of the School District's bank balance of \$3,262,787 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in the single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

Investments As of June 30, 2014, the School District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$836,851	Less than One Year
Mutual Funds	230,817	Less than One Year
Federal National Mortgage Association Bonds	5,425,000	Less than One Year
Federal National Mortgage Association Notes	1,454,119	Less than One Year
Federal Home Loan Bank Bonds	5,218,771	Less than One Year
Federal Home Loan Mortgage Corporation Bonds	3,320,109	Less than One Year
Federal Home Loan Mortgage Corporation Notes	138,676	Less than One Year
Federal Agricultural Mortgage Corporation Bonds	360,000	Less than One Year
United States Treasury Bills	98,567	One to Three Years
United States Treasury Notes	75,516	One to Three Years
Federal Home Loan Bank Bonds	425,000	One to Three Years
Private Export Funding Corporation	200,000	One to Three Years
Federal National Mortgage Association Notes	1,700,000	Three to Five Years
Total Portfolio	<u>\$19,483,426</u>	

Interest Rate Risk. The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of June 30, 2014, the School District's investments in Mutual Funds were not rated, STAROhio was rated AAAm, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal Agricultural Mortgage Corporation Bonds and the Private Export Funding Corporation Bonds were rated AA+ by Standard and Poors and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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Concentration of Credit Risk. The School District places no limit on the account it may invest in any one issuer. The following is the School District's allocation as of June 30, 2014:

<u>Investment</u>	<u>Percent of Total</u>
Federal National Mortgage Association	44.03%
Federal Home Loan Bank	28.97%
Federal Home Loan Mortgage Corporation	17.74%
STAR Ohio	4.30%
Federal Agricultural Mortgage Corporation	1.85%
Mutual Funds	1.18%
Private Export Funding Corporation	1.03%
U. S. Treasury Bill	0.51%
U. S. Treasury Note	0.39%
Total	<u>100.00%</u>

Note 7 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2014 represent 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 thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Mahoning, Trumbull, Portage, and Columbiana Counties. The Mahoning County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties 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 are 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 inflows of resources – property taxes.

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The amount available as an advance at June 30, 2014, was \$4,557 in the General 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
Agricultural/Residential and Other Real Estate	\$3,350,635,380	96.46 %	\$3,364,726,780	96.08 %
Public Utility Personal	122,872,010	3.54	137,429,620	3.92
Total	<u>\$3,473,507,390</u>	<u>100.00 %</u>	<u>\$3,502,156,400</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$2.10		\$2.10	

Note 8 - Receivables

Receivables at June 30, 2014, consisted of accrued interest, accounts, interfund, intergovernmental grants and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Non-major Governmental Funds:	
Carl Perkins Grant	\$8,672
Improving Teacher Quality Grant	<u>1,688</u>
Total Intergovernmental Receivable	<u><u>\$10,360</u></u>

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Notes to the Basic Financial Statements
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Note 9 – Fund Balances

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

Fund Balances	General	Nonmajor Governmental	Total
<i>Nonspendable</i>			
Inventory	\$18,525	\$1,204	\$19,729
<i>Restricted for</i>			
College Scholarships	0	54,066	54,066
Adult Education	0	136,196	136,196
Technology Improvements	0	4,497	4,497
Student Achievement	0	1,776	1,776
<i>Total Restricted</i>	0	196,535	196,535
<i>Committed to</i>			
Permanent Improvements	0	524	524
<i>Assigned to</i>			
Other Purposes	7,652	0	7,652
Encumbrances	273,168	0	273,168
Certificates of Participation	14,816,129	0	14,816,129
<i>Total Assigned</i>	15,096,949	0	15,096,949
<i>Unassigned (Deficit)</i>	6,243,737	(18,600)	6,225,137
<i>Total Fund Balances</i>	\$21,359,211	\$179,663	\$21,538,874

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Notes to the Basic Financial Statements
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Note 10 – Capital Assets

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

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14
Governmental Activities:				
Capital assets not being depreciated				
Land	\$125,000	\$0	\$0	\$125,000
Capital assets being depreciated				
Land improvements	27,254	0	0	27,254
Buildings and improvements	33,462,588	23,352	0	33,485,940
Furniture, fixtures and equipment	4,655,403	132,695	(271,362)	4,516,736
Vehicles	496,825	10,000	(98,347)	408,478
Total capital assets being depreciated	38,642,070	166,047	(369,709)	38,438,408
Accumulated depreciation				
Land improvements	(13,325)	(1,234)	0	(14,559)
Buildings and improvements	(8,791,497)	(737,680)	0	(9,529,177)
Furniture, fixtures and equipment	(3,096,592)	(257,310)	255,970	(3,097,932)
Vehicles	(426,546)	(9,390)	98,344	(337,592)
Total accumulated depreciation	(12,327,960)	(1,005,614) *	354,314	(12,979,260)
Capital assets being depreciated, net	26,314,110	(839,567)	(15,395)	25,459,148
Governmental activities capital assets, net	\$26,439,110	(\$839,567)	(\$15,395)	\$25,584,148

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$16,242
Vocational	929,325
Adult/Continuing	4,670
Support Services:	
Instructional Staff	17,825
Fiscal	370
Operation and Maintenance of Plant	22,053
Pupil Transportation	4,930
Operation of Food Services	9,101
Extracurricular	1,098
Total Depreciation Expense	\$1,005,614

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Notes to the Basic Financial Statements
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Note 11 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded insurance coverage in the last three years. During fiscal year 2014, the School District contracted for the following insurance coverage:

Type of Coverage	Coverage
Coverage provided by Ohio School Plan:	
Property/Boiler and Machinery (\$1,000 deductible)	\$61,173,864
Extra Expense (\$1,000 deductible)	1,000,000
Aircraft (\$1,000 deductible)	208,659
Crime (\$1,000 deductible)	50,000
Fleet Insurance, single limit (\$250 deductible - comprehensive)	2,000,000
(\$1,000 deductible - busses)	
(\$500 deductible - collision)	
Coverage provided by The Ohio School Plan:	
General Liability	
in aggregate	\$4,000,000
Per occurrence	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

B. Workers' Compensation

For 2014, the School District participated in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18).

C. Employee Medical Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of various Mahoning County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$1,081 for family coverage and \$386 for single coverage per employee per month.

Dental and prescription drug insurance are also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$35 for single coverage and \$85 for family. Monthly premiums for prescription drug insurance are \$323 for family coverage and \$115 for single coverage. The plan utilizes a \$5 minimum and \$10 maximum for staff.

Vision coverage is provided through Vision Service Plan. Monthly premiums for vision coverage are \$27.

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Notes to the Basic Financial Statements
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Note 12 – Pension Plans

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, 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 can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$160,936, \$154,376 and \$152,654, respectively; 87 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

DB Plan Benefits - Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited

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service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013 until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The District was required to contribute 14 percent, 13 percent was the portion used to fund pension obligations.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$644,129, \$623,879 and \$631,885, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$45,527 made by the School District and \$35,771 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2013 *Comprehensive Annual Financial Report* will be available sometime after December 31, 2013.

Additional information or copies of STRS Ohio's 2013 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose social security or the SERS or STRS Ohio. As of June 30, 2014, one Board of Education member has elected social security. The Board's liability is 6.2 percent of wages paid.

Note 13 – Post-employment Benefits

A. School Employees Retirement System

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements
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The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$9,337, \$8,721 and \$9,015, respectively, which equaled the required contributions each year.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$10,162, \$10,061 and \$31,597, respectively; 87 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

B. State Teachers Retirement System

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Mahoning County Career & Technical Center
Mahoning County, Ohio

Notes to the Basic Financial Statements
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Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issued as stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$49,548, \$47,991 and \$48,607, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Note 14 – Other Employee Benefits

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred sixty five days for classified employees and two hundred seventy five days for certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of sixty five days for classified employees and sixty eight days for certified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$30,000 per classified employee and \$50,000 per certified and administrative employee. Life insurance is provided through the Metropolitan Educational Insurance Company.

Note 15 – Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System/ACCESS Assembly

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of participating school districts in Mahoning and Columbiana Counties, educational service centers, non-public schools and Special Education Regional Resource Centers.

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For the Fiscal Year Ended June 30, 2014*

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$22,349 to ACCESS during fiscal year 2014. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

B. Mahoning Area Consortium (MAC) Tech Prep

The MAC Tech Prep works with participating area high schools and Youngstown State University to create seamless college prep career-technical education programs that begin in the junior year of high school and continue through an associate or bachelor's degree program. College Tech Prep programs stress mathematics, science, communications, and technology.

All of the consortium revenues are from state and federal grants. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President or designee of Youngstown State University and representatives of business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

C. Ohio Schools Council

The Ohio Schools Council ("the Council") is a jointly governed organization among participating school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information for the Council can be obtained by contacting the Executive Secretary of the Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

In fiscal year 2014, the District participated in the Council's electric energy program. This program allows school districts to purchase electricity at reduced rates. The participants make monthly payments based on estimated usage. At the end of the fiscal year, these estimated monthly payments are compared to their actual usage and any necessary adjustments are made.

Mahoning County Career & Technical Center
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District does not retain an ongoing financial interest or an ongoing financial responsibility in any of these organizations.

Note 16 – Long-Term Obligations

The changes in the School District's long-term obligations during the fiscal year ended June 30, 2014, were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts due in One Year
Certificates of Participation:					
10/15/09 Advance Refunding					
Certificates of Participation	\$15,260,000	\$0	(\$400,000)	\$14,860,000	\$410,000
Discount on Certificates of Participation	(45,835)	0	1,964	(43,871)	0
<i>Total Certificates of Participation</i>	15,214,165	0	(398,036)	14,816,129	410,000
Other Long-Term Obligations:					
Compensated Absences	1,171,649	20,681	(74,369)	1,117,961	68,837
<i>Total Long-Term Obligations</i>	<u>\$16,385,814</u>	<u>\$20,681</u>	<u>(\$472,405)</u>	<u>\$15,934,090</u>	<u>\$478,837</u>

On October 15, 2009, the District issued Certificates of Participation of \$16,360,000 (par value) with interest rates ranging from 2.00% to 4.75% to advance refund all \$10,000,000 of the 11/13/08 Certificates of Participation with rates ranging from 3.375% to 6.25% and \$4,850,000 of the 1/13/09 Certificates of Participation with rates ranging from 3.75% to 6.75%. The term certificates mature 12/1/2036 and are callable 12/1/2017. The refunding certificates were issued at a discount of \$53,037 and, after paying issuance costs of \$348,221, the net proceeds were \$15,958,742. The net proceeds from the issuance of the certificates of participation were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the certificates are called on 12/1/2011. The advance refunding met the requirements of an in-substance debt defeasance and the Certificates of Participation were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$3,357,956, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,914,257.

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District.

Compensated absences will be paid from the general fund and the food service, adult education and vocational education special revenue funds.

Mahoning County Career & Technical Center
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District's overall legal debt margin was \$315,194,076 with an unvoted debt margin of \$3,502,156 at June 30, 2014. Principal and interest requirements to retire the Certificates of Participation outstanding at June 30, 2014, are as follows:

Fiscal year Ending June 30,	10/15/09 Refunding Certificate of Participation	
	Principal	Interest
2015	\$410,000	\$616,163
2016	415,000	604,813
2017	435,000	592,062
2018	440,000	578,388
2019	455,000	563,275
2020-2024	2,895,000	2,506,925
2025-2029	3,130,000	1,902,769
2030-2034	3,875,000	1,141,443
2035-2037	2,805,000	205,319
<i>Total</i>	\$14,860,000	\$8,711,157

Note 17 - Contingencies

A. Grants:

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation:

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2014.

Note 18 – Public Entity Risk Pools

A. Insurance Purchasing Pool

The School District participates in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program. Sheakley UniService, Inc. is the third party administrator for the program.

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

B. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a ten member Board of directors consisting of school district superintendents and treasurers. Hylant Administrative Services, Inc. is the Administrator of the OSP and is responsible for processing claims.

C. Shared Risk Pool

The Mahoning County Insurance Consortium is a shared risk pool comprised of participating Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

Note 19 – Interfund Activity

Interfund Transfers

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 to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2014 the General Fund transferred \$50,000 to the adult education non-major special revenue fund, for these purposes.

Interfund Advances

The interfund receivable/payable consisted of the following at June 30, 2014, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$1,688	\$0
Non-major Governmental Fund:		
Improving Teacher Quality	0	1,688
Total	\$1,688	\$1,688

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenue is received.

Mahoning County Career & Technical Center
Mahoning County, Ohio

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

Note 20 – Set Asides

The District 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 acquisitions. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2013	\$0
Current Year Set-Aside Requirement	113,320
Qualifying Disbursements	<u>(369,904)</u>
Total	<u><u>(\$256,584)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Cash balance as of June 30, 2014	<u><u>\$0</u></u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 21 – Subsequent Events

On October 20, 2014, the District approved a resolution providing for the issuance and sale of bonds in the maximum principal amount of \$1,750,000 for the purpose of paying the costs of constructing, reconstructing and otherwise improving the roof of the existing career center building.

On October 20, 2014, the District also approved a resolution to pursue the construction of a new administrative building to be financed with a lease purchase agreement. Details on the lease purchase agreement were not yet finalized.

**MAHONING COUNTY CAREER AND TECHNICAL CENTER
MAHONING COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$18,145		\$18,145
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$45,880		\$45,880	
National School Lunch Program	10.555	116,561		116,561	
<i>Subtotal - Nutrition Cluster</i>		162,441	18,145	162,441	18,145
State Administrative Expenses for Child Nutrition	10.560	1,192		1,192	
Total U.S. Department of Agriculture		163,633	18,145	163,633	18,145
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Direct Programs:</i>					
<i>Student Financial Aid Cluster:</i>					
Federal Pell Grant Program	84.063	224,639		224,639	
Federal Direct Student Loans	84.268	284,539		284,539	
<i>Subtotal - Student Financial Aid Cluster</i>		509,178		509,178	
<i>Passed Through Ohio Department of Education:</i>					
Career and Technical Education - Basic Grants to States	84.048	375,228		360,929	
Rehabilitation Services_Service Projects	84.128	3,000		3,000	
Improving Teacher Quality State Grants (Title II-A)	84.367	410		2,098	
Total U.S. Department of Education		887,816		875,205	
Totals		\$1,051,449	\$18,145	\$1,038,838	\$18,145

The accompanying notes are an integral part of this schedule.

**MAHONING COUNTY CAREER AND TECHNICAL CENTER
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the "Schedule") reports the Mahoning County Career and Technical Center's (the "Center's") federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The Center reports commodities consumed on the Schedule at the fair value. The Center allocated donated food commodities to the respective program 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*

Mahoning County Career and Technical Center
Mahoning County
7300 North Palmyra Road
Canfield, Ohio 44406

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 Mahoning County Career and Technical Center, Mahoning County, (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 4, 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Center's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 4, 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

Mahoning County Career and Technical Center
Mahoning County
7300 North Palmyra Road
Canfield, Ohio 44406

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Mahoning County Career and Technical Center's (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 Center's 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 Mahoning County Career and Technical Center 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 4, 2014

**MAHONING COUNTY CAREER AND TECHNICAL CENTER
MAHONING 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 Aid Cluster (CFDA #84.063 and #84.268); and Nutrition Cluster (CFDA #10.550 and #10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

MAHONING COUNTY CAREER AND TECHNICAL CENTER

MAHONING 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**