



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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 the Mid-East Career and Technology Centers, Muskingum 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 the Mid-East Career and Technology Centers, Muskingum County, Ohio, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Adult Education Special Revenue 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.

Supplemental 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 (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2015 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

February 23, 2015

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Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Mid-East Career and Technology Center's (Center) financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Center'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 Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- In total, net position of governmental activities increased \$3,283,476. This represents approximately a five percent increase from 2013.
- General revenues accounted for \$16,485,515 in revenue or 67 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$8,207,514 or 33 percent of total revenues of \$24,693,029.
- Total liabilities and deferred inflows of resources of governmental activities decreased by \$3,375,357 due primarily to decreases in long-term liabilities and property taxes not levied to finance current year operations.
- The Center had \$21,409,553 in expenses related to governmental activities; only \$8,207,514 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) in the amount of \$16,485,515 were adequate enough to provide for these programs.

Using this Basic Financial Statements Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Center, presenting both an aggregate view of the Center'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 Center's most significant funds with all other non-major funds presented in total in one column and also provide information in more detail than the government-wide statements.

Reporting the Center as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2013-2014 fiscal year?" The *Statement of Net Position* and the *Statement of Activities* answer this question.

Mid-East Career and Technology Centers
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These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Center's activities are all considered to be Governmental Activities, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major funds begins on page 10. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the General Fund, the Adult Education Special Revenue Fund, the Bond Retirement Debt Service Fund, and the Permanent Improvement Levy and Classroom Facilities Capital Projects Funds.

Governmental Funds Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Center's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

The Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2014 compared to 2013.

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 1
Net Position

	Governmental Activities		
	2014	2013	Change
Assets			
Current and Other Assets	\$44,696,015	\$54,387,303	(\$9,691,288)
Capital Assets	48,022,948	38,423,541	9,599,407
Total Assets	<u>92,718,963</u>	<u>92,810,844</u>	<u>(91,881)</u>
Liabilities			
Long-Term Liabilities	14,255,640	16,287,295	(2,031,655)
Other Liabilities	3,984,168	4,949,778	(965,610)
Total Liabilities	<u>18,239,808</u>	<u>21,237,073</u>	<u>(2,997,265)</u>
Deferred Inflows of Resources			
Property and Payment in Lieu of Taxes not Levied to Finance Current Year Operations	6,640,686	7,018,778	(378,092)
Net Position			
Net Investment in Capital Assets	32,702,947	20,021,204	12,681,743
Restricted	16,803,264	27,071,173	(10,267,909)
Unrestricted	18,332,258	17,462,616	869,642
Total Net Position	<u>\$67,838,469</u>	<u>\$64,554,993</u>	<u>\$3,283,476</u>

Total assets reflect a slight decrease in the amount of \$91,881. However, the large changes in each of the two classifications of assets were approximately \$10 million and are interrelated. The capitalization of capital assets resulted in decreases in cash and cash equivalents. Another component of the decrease in Current and Other Assets was due to a decrease in intergovernmental receivables in the amount of \$3,255,290. This decrease in intergovernmental receivables was the result of drawdowns on the Classroom Facilities grant which are capitalized as construction in progress.

Total liabilities decreased by \$2,997,265. Long-term liabilities decreased in the amount of \$2,031,655 due to the Center making required debt service payments. In addition to this decrease, other liabilities decreased in the amount of \$965,610. This decrease is due to the Center's payments for retainage obligations relating to the classroom facilities project.

By comparing assets, liabilities, and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position in the amount of \$3,283,476. The largest change is evident in Net Investment in Capital Assets relating to the increase in capital assets as discussed above. The large decrease in restricted net position is due to the capitalization of resources and cash balances that were restricted for the classroom facilities project.

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

Mid-East Career and Technology Centers
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Table 2
Change in Net Position

	Governmental Activities		
	2014	2013	Change
Revenues			
Program Revenues:			
Charges for Services	\$2,947,659	\$2,439,547	\$508,112
Operating Grants, Contributions, and Interest	4,760,431	3,770,100	990,331
Capital Grants, Contributions, and Interest	499,424	483,677	15,747
Total Program Revenues	<u>8,207,514</u>	<u>6,693,324</u>	<u>1,514,190</u>
General Revenues:			
Property Taxes	10,229,679	11,944,509	(1,714,830)
Payments in Lieu of Taxes	40,829	41,128	(299)
Grants and Entitlements	6,009,823	6,848,329	(838,506)
Investment Earnings and Miscellaneous	205,184	64,045	141,139
Total General Revenues	<u>16,485,515</u>	<u>18,898,011</u>	<u>(2,412,496)</u>
Total Revenues	<u>24,693,029</u>	<u>25,591,335</u>	<u>(898,306)</u>
Program Expenses			
Instruction:			
Regular	2,066,785	1,967,945	98,840
Vocational	7,766,658	7,008,632	758,026
Adult/Continuing	2,641,512	2,540,600	100,912
Support Services:			
Pupils	1,090,652	1,093,183	(2,531)
Instructional Staff	1,005,060	789,434	215,626
Board of Education	90,435	70,393	20,042
Administration	1,770,619	1,708,687	61,932
Fiscal	847,107	779,080	68,027
Business	239,796	204,723	35,073
Operation and Maintenance of Plant	2,386,949	1,875,668	511,281
Pupil Transportation	135,812	133,862	1,950
Central	303,844	464,184	(160,340)
Operation of Non-Instructional Services	533,261	487,849	45,412
Extracurricular Activities	103,802	101,183	2,619
Interest	427,261	794,092	(366,831)
Total Expenses	<u>21,409,553</u>	<u>20,019,515</u>	<u>1,390,038</u>
Change in Net Position	<u>3,283,476</u>	<u>5,571,820</u>	<u>(2,288,344)</u>
Net Position Beginning of Year	<u>64,554,993</u>	<u>58,983,173</u>	<u>5,571,820</u>
Net Position End of Year	<u>\$67,838,469</u>	<u>\$64,554,993</u>	<u>\$3,283,476</u>

The Center's net position increased \$3,283,476. The largest fluctuation in Table 2 is evident in the property taxes revenue source, a decrease in the amount of \$1,714,830 due to the timing of tax bills. For the second half of 2014, property tax bills were sent out and mostly collected by fiscal-year end, thus reducing the amount available as an advance.

Mid-East Career and Technology Centers
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The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Property taxes made up 41 percent of revenues for governmental activities in fiscal year 2014. The remaining 59 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from the adult program.

Instructional programs comprise 58 percent of total governmental program expenses. Of the instructional expenses, approximately 62 percent is for vocational instruction, 21 percent is for adult/continuing instruction and 17 percent is for regular instruction. The largest fluctuation in expenses was in vocational instruction, an increase of \$758,026. This fluctuation represents approximately an eleven percent change from the prior year due to payroll and benefit coding changes as required by the State and the loss on disposal of capital assets during the fiscal year.

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

Table 3 - Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Instructional Services:				
Regular	\$2,066,785	\$2,065,364	\$1,967,945	\$1,959,474
Vocational	7,766,658	4,320,451	7,008,632	4,636,728
Adult/Continuing	2,641,512	(152,812)	2,540,600	(38,260)
Support Services:				
Pupils	1,090,652	907,278	1,093,183	824,906
Instructional Staff	1,005,060	442,208	789,434	460,298
Board of Education	90,435	90,435	70,393	70,393
Administration	1,770,619	1,489,717	1,708,687	1,498,113
Fiscal	847,107	335,498	779,080	283,596
Business	239,796	239,796	204,723	204,723
Operation and Maintenance of Plant	2,386,949	2,386,949	1,875,668	1,875,408
Pupil Transportation	135,812	135,812	133,862	133,862
Central	303,844	296,703	464,184	456,691
Operation of Non-Instructional Services	533,261	113,577	487,849	64,984
Extracurricular Activities	103,802	103,802	101,183	101,183
Interest	427,261	427,261	794,092	794,092
Total Expenses	<u>\$21,409,553</u>	<u>\$13,202,039</u>	<u>\$20,019,515</u>	<u>\$13,326,191</u>

The dependence upon tax revenues and State subsidies is apparent. Approximately 62 percent of total expenses are supported through taxes and other general revenues. Over the past several years the Center has remained in a stable financial position. The Center receives tax revenues from Muskingum, Guernsey, Licking, Coshocton, Perry, Washington, Monroe, Fairfield, and Noble Counties.

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

The Center's Major Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues in the amount of \$26,341,763 and expenditures in the amount of \$33,028,182.

The General Fund's net change in fund balance after other financing sources and uses for the year was an increase in the amount of \$637,104. This change indicates the amount by which the Center is exceeding in meeting its current obligations for fiscal year 2014. This has been the case for a few years and reflects the Center's commitment to maintaining a healthy cumulative balance in its chief operating fund. The remaining major funds had minimal changes in fund balance with the exception of the Classroom Facilities Capital Projects Fund, a decrease in the amount of \$7,405,272. This decrease was the result of the capitalization of expenses related to the Ohio School Facilities Program. As a result of the decrease in the Classroom Facilities Capital Projects Fund, the Adult Education Special Revenue Fund became a major fund which reflected an ending fund balance in the amount of \$1,144,683.

General Fund Budgeting Highlights

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2014, the Center did amend its General Fund budget from the original levels. Changes to the final budgeted amounts for revenues were not significant. Changes to the final budgeted amounts for vocational instruction were needed due to increased payroll and benefit obligations for the Center's mail instructional program. For the General Fund, budgeted revenues exceeded actual results by a mere \$20,105. In addition, budgeted expenditures exceeded actual results in the amount of \$429,808 due to conservative spending. The reason for these minimal variances is because the Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The General Fund unencumbered ending cash balance totaled \$13,982,348, which was \$471,604 above the final budgeted amount of \$13,510,744.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the Center had \$48,022,948 invested in land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2014 balances compared to 2013.

**Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited**

Table 4
Capital Assets at June 30

	Governmental Activities	
	2014	2013
Land	\$333,075	\$333,075
Construction in Progress	0	32,187,405
Buildings and Improvements	46,566,690	5,217,979
Vehicles	330,019	314,844
Machinery, Equipment, Furniture and Fixtures	793,164	370,238
Totals	<u>\$48,022,948</u>	<u>\$38,423,541</u>

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

Debt

At June 30, 2014, the Center had \$13,567 outstanding for capital leases, \$1,903,331 in tax anticipation notes outstanding, and \$11,622,244 in certificates of participation outstanding.

See Notes 16 and 17 for more detailed information about the Center's debt.

Economic Factors

During fiscal year 2014, on a modified accrual basis, General Fund revenues exceeded General Fund expenditures by \$1,173,404, but there were other financing sources and uses that reduced this amount to \$637,104. However, as the preceding information demonstrates, the Center depends on its property taxpayers. The Center has continued to maintain spending in line with revenues. Careful monitoring of the Center finances must continue if the Center hopes to remain on firm financial footing. The Board of Education and Administration of the Center must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Center as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the Center's Financial Management

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

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Mid-East Career and Technology Centers, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$25,117,323
Cash and Cash Equivalents in Segregated Accounts	1,328,809
Cash and Cash Equivalents with Escrow Agents	619,737
Investments in Segregated Accounts	3,035,391
Accounts Receivable	78,401
Inventory Held for Resale	8,019
Materials and Supplies Inventory	69,844
Prepaid Items	113,126
Accrued Interest Receivable	23,846
Property Taxes Receivable	11,643,117
Payment in Lieu of Taxes Receivable	36,820
Intergovernmental Receivable	2,621,582
Nondepreciable Capital Assets	333,075
Depreciable Capital Assets, Net	47,689,873
Total Assets	92,718,963
 Liabilities	
Matured Compensated Absences Payable	39,080
Accounts Payable	32,931
Contracts Payable	1,555,139
Retainage Payable	728,680
Accrued Wages and Benefits Payable	1,171,120
Intergovernmental Payable	273,748
Tax Refund Payable	17,359
Accrued Interest Payable	40,646
Vacation Benefits Payable	125,465
Long-Term Liabilities:	
Due Within One Year	2,162,038
Due In More Than One Year	12,093,602
Total Liabilities	18,239,808
 Deferred Inflows of Resources	
Property Taxes	6,603,866
Payment in Lieu of Taxes	36,820
Total Deferred Inflows of Resources	6,640,686
 Net Position	
Net Investment in Capital Assets	32,702,947
Restricted for:	
Capital Projects	13,911,991
Set Asides	45,566
Adult Education	1,098,766
Classroom Facilities Maintenance	1,647,823
State Grant Programs	19,785
Unclaimed Monies	10,542
Federal Grant Programs	68,791
Unrestricted	18,332,258
Total Net Position	\$67,838,469

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$2,066,785	\$0	\$1,421	\$0	(\$2,065,364)
Vocational	7,766,658	297,701	3,148,506	0	(4,320,451)
Adult/Continuing	2,641,512	2,159,322	635,002	0	152,812
Support Services:					
Pupils	1,090,652	0	183,374	0	(907,278)
Instructional Staff	1,005,060	309,118	253,734	0	(442,208)
Board of Education	90,435	0	0	0	(90,435)
Administration	1,770,619	0	280,902	0	(1,489,717)
Fiscal	847,107	0	12,185	499,424	(335,498)
Business	239,796	0	0	0	(239,796)
Operation and Maintenance of Plant	2,386,949	0	0	0	(2,386,949)
Pupil Transportation	135,812	0	0	0	(135,812)
Central	303,844	0	7,141	0	(296,703)
Operation of Non-Instructional Services:					
Food Service Operations	530,992	181,518	237,442	0	(112,032)
Other Non-Instructional Services	2,269	0	724	0	(1,545)
Extracurricular Activities	103,802	0	0	0	(103,802)
Interest	427,261	0	0	0	(427,261)
Total Governmental Activities	<u>\$21,409,553</u>	<u>\$2,947,659</u>	<u>\$4,760,431</u>	<u>\$499,424</u>	<u>(13,202,039)</u>
General Revenues					
Property Taxes Levied for General Purposes					6,283,869
Property Taxes Levied for Building Maintenance					333,443
Property Taxes Levied for Debt Service					2,661,515
Property Taxes Levied for Capital Outlay					950,852
Payments in Lieu of Taxes					40,829
Grants and Entitlements not Restricted to					
Specific Programs					6,009,823
Investment Earnings					164,305
Miscellaneous					40,879
Total General Revenues					<u>16,485,515</u>
Change in Net Position					3,283,476
Net Position Beginning of Year					<u>64,554,993</u>
Net Position End of Year					<u>\$67,838,469</u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Adult Education	Bond Retirement	Permanent Improvement Levy	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$14,074,991	\$1,203,683	\$0	\$4,951,065	\$152,465	\$4,679,011	\$25,061,215
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	1,328,809	0	1,328,809
Cash and Cash Equivalents with Escrow Agents	0	0	0	0	261,114	358,623	619,737
Investments in Segregated Accounts	0	0	0	0	1,359,011	1,676,380	3,035,391
Inventory Held for Resale	0	0	0	0	0	8,019	8,019
Materials and Supplies Inventory	63,407	0	0	0	0	6,437	69,844
Accounts Receivable	78,251	0	0	0	0	150	78,401
Intergovernmental Receivable	994	2,200	0	0	2,408,409	209,979	2,621,582
Accrued Interest Receivable	14,009	972	0	4,002	883	3,980	23,846
Interfund Receivable	102,819	0	0	0	0	84	102,903
Prepaid Items	85,396	19,844	0	0	0	7,886	113,126
Restricted Asset - Equity in Pooled Cash and Cash Equivalents	56,108	0	0	0	0	0	56,108
Payment In Lieu of Taxes Receivable	25,614	0	0	11,206	0	0	36,820
Property Taxes Receivable	7,166,582	0	2,521,013	1,622,079	0	333,443	11,643,117
Total Assets	\$21,668,171	\$1,226,699	\$2,521,013	\$6,588,352	\$5,510,691	\$7,283,992	\$44,798,918
Liabilities							
Accounts Payable	\$13,479	\$10,920	\$0	\$0	\$4,598	\$3,934	\$32,931
Contracts Payable	0	0	0	207,000	1,200,101	148,038	1,555,139
Accrued Wages and Benefits Payable	999,717	60,708	0	0	0	110,695	1,171,120
Matured Compensated Absences Payable	39,080	0	0	0	0	0	39,080
Intergovernmental Payable	243,037	9,894	0	0	32	20,785	273,748
Tax Refund Payable	12,076	0	0	5,283	0	0	17,359
Interfund Payable	84	0	0	0	0	102,819	102,903
Retainage Payable	0	0	0	0	328,879	399,801	728,680
Total Liabilities	1,307,473	81,522	0	212,283	1,533,610	786,072	3,920,960
Deferred Inflows of Resources							
Property Taxes	4,029,968	0	2,240,455	0	0	333,443	6,603,866
Payment in Lieu of Taxes	25,614	0	0	11,206	0	0	36,820
Unavailable Revenue	1,061,563	494	280,558	353,539	2,378,361	83,606	4,158,121
Total Deferred Inflows of Resources	5,117,145	494	2,521,013	364,745	2,378,361	417,049	10,798,807
Fund Balances							
Nonspendable:							
Inventories	63,407	0	0	0	0	6,437	69,844
Prepaid Items	85,396	19,844	0	0	0	7,886	113,126
Unclaimed Monies	10,542	0	0	0	0	0	10,542
Restricted for:							
Budget Stabilization	45,566	0	0	0	0	0	45,566
Adult Education	0	1,124,839	0	0	0	0	1,124,839
Classroom Facilities Maintenance	0	0	0	0	0	1,647,823	1,647,823
State Grant Expenditures	0	0	0	0	0	19,020	19,020
Capital Improvements	0	0	0	6,011,324	1,598,720	1,487,459	9,097,503
Committed to:							
Encumbrances	45,060	0	0	0	0	0	45,060
Capital Improvements	0	0	0	0	0	2,930,655	2,930,655
Budget Stabilization	128,102	0	0	0	0	0	128,102
Severance Payments	500,667	0	0	0	0	0	500,667
Other Purposes	0	0	0	0	0	75,606	75,606
Assigned to:							
Purchases on Order	181,149	0	0	0	0	0	181,149
Subsequent Years' Appropriations	245,193	0	0	0	0	0	245,193
Other Purposes	20,572	0	0	0	0	0	20,572
Unassigned (Deficit)	13,917,899	0	0	0	0	(94,015)	13,823,884
Total Fund Balances	15,243,553	1,144,683	0	6,011,324	1,598,720	6,080,871	30,079,151
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$21,668,171	\$1,226,699	\$2,521,013	\$6,588,352	\$5,510,691	\$7,283,992	\$44,798,918

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balances		\$30,079,151
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		48,022,948
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Property Taxes	1,613,451	
Interest	12,958	
Accounts	73,059	
Grants	<u>2,458,653</u>	4,158,121
Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(125,465)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(40,646)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(13,567)	
Tax Anticipation Notes	(1,903,331)	
Certificates of Participation	(11,622,244)	
Compensated Absences	<u>(716,498)</u>	<u>(14,255,640)</u>
Net Position of Governmental Activities		<u><u>\$67,838,469</u></u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Adult Education	Bond Retirement	Permanent Improvement Levy	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$6,356,168	\$0	\$2,520,825	\$1,080,836	\$0	\$333,443	\$10,291,272
Payment in Lieu of Taxes	28,358	0	0	12,471	0	0	40,829
Intergovernmental	8,410,866	410,543	0	469,910	1,567,750	1,919,392	12,778,461
Interest	137,158	9,050	0	32,686	1,970	36,535	217,399
Tuition and Fees	198,372	2,468,440	0	0	0	0	2,666,812
Gifts and Donations	1,200	0	0	0	0	25,000	26,200
Charges for Services	98,393	0	0	0	0	181,518	279,911
Miscellaneous	40,879	0	0	0	0	0	40,879
Total Revenues	15,271,394	2,888,033	2,520,825	1,595,903	1,569,720	2,495,888	26,341,763
Expenditures							
Current:							
Instruction:							
Regular	2,036,764	0	0	0	0	1,400	2,038,164
Vocational	6,590,871	0	0	0	0	761,493	7,352,364
Adult/Continuing	10,733	2,330,055	0	0	0	263,106	2,603,894
Support Services:							
Pupils	891,809	0	0	0	0	186,724	1,078,533
Instructional Staff	463,681	335,349	0	0	0	200,120	999,150
Board of Education	89,291	0	0	0	0	0	89,291
Administration	1,466,262	0	0	0	0	263,272	1,729,534
Fiscal	643,379	79,479	0	105,448	0	0	828,306
Business	226,469	0	0	0	0	0	226,469
Operation and Maintenance of Plant	1,180,734	0	0	1,114,134	0	66,782	2,361,650
Pupil Transportation	102,497	0	0	0	0	0	102,497
Central	276,216	0	0	0	0	7,200	283,416
Operation of Non-Instructional Services:							
Food Service Operations	1,032	0	0	0	0	505,556	506,588
Other Non-Instructional Services	539	0	0	0	0	1,730	2,269
Extracurricular Activities	103,802	0	0	0	0	0	103,802
Capital Outlay	0	0	0	173,637	8,974,992	1,038,890	10,187,519
Debt Service:							
Principal Retirement	11,978	0	1,995,000	0	0	0	2,006,978
Interest and Fiscal Charges	1,933	0	525,825	0	0	0	527,758
Total Expenditures	14,097,990	2,744,883	2,520,825	1,393,219	8,974,992	3,296,273	33,028,182
Excess of Revenues Over (Under) Expenditures	1,173,404	143,150	0	202,684	(7,405,272)	(800,385)	(6,686,419)
Other Financing Sources (Use)							
Transfers In	0	0	0	0	0	540,000	540,000
Proceeds from Sale of Capital Lease	3,700	0	0	0	0	0	3,700
Transfers Out	(540,000)	0	0	0	0	0	(540,000)
Total Other Financing Sources (Use)	(536,300)	0	0	0	0	540,000	3,700
Net Change in Fund Balances	637,104	143,150	0	202,684	(7,405,272)	(260,385)	(6,682,719)
Fund Balances Beginning of Year (as restated)	14,606,449	1,001,533	0	5,808,640	9,003,992	6,341,256	36,761,870
Fund Balances End of Year	<u>\$15,243,553</u>	<u>\$1,144,683</u>	<u>\$0</u>	<u>\$6,011,324</u>	<u>\$1,598,720</u>	<u>\$6,080,871</u>	<u>\$30,079,151</u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
 Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds (\$6,682,719)

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

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

Capital Asset Additions	10,414,849	
Current Year Depreciation	<u>(394,917)</u>	10,019,932

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of proceeds and the loss on the disposal of assets:

Proceeds from Sale of Capital Assets	(3,700)	
Loss on Disposal of Assets	<u>(416,825)</u>	(420,525)

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

Property Taxes	(61,593)	
Interest	(14,292)	
Tuition and Fees	936	
Grants	(1,606,147)	
Instructional Staff	<u>12,370</u>	(1,668,726)

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

Capital Leases	11,978	
Tax Anticipation Notes	1,845,000	
Certificates of Participation	<u>150,000</u>	2,006,978

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 the governmental funds:

Accrued Interest	3,425	
Amortization of Premiums	<u>97,072</u>	100,497

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

Compensated Absences	(72,395)	
Vacation Benefits	<u>434</u>	<u>(71,961)</u>

Change in Net Position of Governmental Activities \$3,283,476

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$5,534,000	\$5,894,000	\$6,067,226	\$173,226
Payment in Lieu of Taxes	41,000	41,000	28,358	(12,642)
Intergovernmental	8,426,900	8,426,900	8,415,442	(11,458)
Interest	80,000	80,000	80,364	364
Tuition and Fees	313,800	313,800	196,344	(117,456)
Rentals	1,000	1,000	0	(1,000)
Gifts and Donations	1,000	1,000	1,200	200
Charges for Services	183,400	183,400	98,393	(85,007)
Miscellaneous	29,000	29,000	62,668	33,668
Total Revenues	14,610,100	14,970,100	14,949,995	(20,105)
Expenditures				
Current:				
Instruction:				
Regular	624,889	1,893,785	2,058,400	(164,615)
Vocational	5,240,221	7,033,087	6,754,109	278,978
Adult/Continuing	13,300	13,300	4,292	9,008
Support Services:				
Pupils	904,678	912,879	903,170	9,709
Instructional Staff	196,144	577,553	485,108	92,445
Board of Education	113,724	113,724	91,342	22,382
Administration	1,527,366	1,556,340	1,488,373	67,967
Fiscal	483,669	582,890	634,941	(52,051)
Business	252,855	293,583	236,051	57,532
Operation and Maintenance of Plant	1,239,750	1,384,159	1,235,738	148,421
Pupil Transportation	123,652	123,652	119,204	4,448
Central	767,603	235,172	289,985	(54,813)
Operation of Non-Instructional/Shared Services	1,539	1,539	539	1,000
Extracurricular Activities	116,062	116,062	106,665	9,397
Debt Service:				
Principal Retirement	11,978	11,978	11,978	0
Interest and Fiscal Charges	1,933	1,933	1,933	0
Total Expenditures	11,619,363	14,851,636	14,421,828	429,808
Excess of Revenues Over Expenditures	2,990,737	118,464	528,167	409,703
Other Financing Sources (Use)				
Proceeds from Sale of Capital Assets	3,800	3,800	3,700	(100)
Transfers In	50,000	50,000	0	(50,000)
Transfers Out	(101,400)	(652,001)	(540,000)	112,001
Total Other Financing Sources (Use)	(47,600)	(598,201)	(536,300)	61,901
Net Change in Fund Balance	2,943,137	(479,737)	(8,133)	471,604
Fund Balance Beginning of Year	13,547,681	13,547,681	13,547,681	0
Prior Year Encumbrances Appropriated	442,800	442,800	442,800	0
Fund Balance End of Year	\$16,933,618	\$13,510,744	\$13,982,348	\$471,604

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$301,840	\$301,840	\$410,543	\$108,703
Interest	0	0	5,364	5,364
Tuition and Fees	3,484,117	3,493,397	2,466,465	(1,026,932)
Total Revenues	3,785,957	3,795,237	2,882,372	(912,865)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	3,287,266	3,295,266	2,386,916	908,350
Support Services:				
Instructional Staff	465,762	465,762	348,592	117,170
Fiscal	127,982	127,982	80,258	47,724
Total Expenditures	3,881,010	3,889,010	2,815,766	1,073,244
Net Change in Fund Balance	(95,053)	(93,773)	66,606	160,379
Fund Balance Beginning of Year	1,028,803	1,028,803	1,028,803	0
Prior Year Encumbrances Appropriated	55,778	55,778	55,778	0
Fund Balance End of Year	\$989,528	\$990,808	\$1,151,187	\$160,379

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$96,730	\$48,578
Cash and Cash Equivalents in Segregated Accounts	5,970	0
Investments in Segregated Accounts	756,790	0
Total Assets	859,490	\$48,578
Liabilities		
Due to Students	0	\$48,578
Total Liabilities	0	\$48,578
Net Position		
Endowments	35,000	
Held in Trust for Students	824,490	
Total Net Position	\$859,490	

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
Additions	
Interest	\$6,100
Increase in Fair Value of Investments	138,113
Total Additions	144,213
Deductions	
Payments for Scholarships	9,322
Change in Net Position	134,891
Net Position Beginning of Year	724,599
Net Position End of Year	\$859,490

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 - Description of the Center and Reporting Entity

On April 12, 1965, the State of Ohio Board of Education approved the creation of the Muskingum Area Joint Vocational School District. In 1985, the School District name was changed to the Mid-East Ohio Vocational School District, and on August 11, 2003, the School District name was changed to the Mid-East Career and Technology Centers (Center). The Center 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 Center includes thirteen member schools as follows: Caldwell Exempted Village School District, Cambridge City School District, Crooksville Exempted Village School District, East Guernsey Local School District, East Muskingum Local School District, Franklin Local School District, Maysville Local School District, Noble Local School District, Northern Local School District, Rolling Hills Local School District, Tri-Valley Local School District, West Muskingum Local School District, and Zanesville City School District. The Center is staffed by sixty-seven classified employees and one hundred and sixteen certified teaching personnel who provide services to one thousand and eighty-seven students and other community members. The Center currently operates ten instructional and administrative buildings on two campuses.

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

Reporting Entity

Since the Center does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity."

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the Center are not misleading. The Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Mid-East Career and Technology Centers, this includes general operations, food service, and student related activities of the Center.

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The Center participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Coalition of Rural and Appalachian Schools (CORAS), the Ohio Coalition for Equity and Adequacy of School Funding, and the Metropolitan Education Council (MEC), which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Ohio School Benefits Cooperative, which are defined as group insurance purchasing pools. Additional information concerning these organizations is presented in Note 18.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Center 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 Center's accounting policies are described below.

A. Basis of Presentation

The Center'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 Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The statements usually distinguish between those activities of the Center that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The Center, however, has no business-type activities.

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

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

B. Fund Accounting

The Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

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

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

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

Bond Retirement Debt Service Fund The Bond Retirement Debt Service Fund accounts for the accumulation of resources restricted for the payment of general obligation principal and interest.

Permanent Improvement Levy Capital Projects Fund The Permanent Improvement Levy Capital Projects Fund accounts for financial resources restricted for the acquisition, construction, or improvement of capital facilities.

Classroom Facilities The Classroom Facilities Capital Projects Fund accounts for the local and state share resources restricted for a school facilities project administered through the Ohio School Facilities Commission. The local share of the project is funded through tax anticipation note proceeds.

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Center are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, there currently are no amounts reported as deferred outflows of resources.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, payment in lieu of taxes, and unavailable revenue. Property and payment in lieu of 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 Center unavailable revenue includes delinquent property taxes, accrued interest, accounts receivable, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the Center is pooled. Monies for all funds, except a portion of the private purpose trust monies, segregated accounts, and cash with escrow agents, are maintained in this pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2014, the Center's investments were limited to federal agency securities, stocks, repurchase agreements, negotiable certificates of deposit, money markets, and STAR Ohio. Repurchase agreements, and money markets are reported at cost. Investments in federal agency securities, negotiable certificates of deposit, and stocks are stated at fair value 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. Non-participating investment contracts are reported at cost or amortized cost. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014.

Mid-East Career and Technology Centers, Ohio
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Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Based upon Board policy, the Center distributes interest to the General Fund, the Adult Education, Fox Scholarship, and Food Service Special Revenue Funds, Local Funded Initiatives, Classroom Facilities, Permanent Improvement Levy, and Permanent Improvement Capital Projects Funds, and the Private Purpose Trust Fund. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$137,158, which includes \$79,336 assigned from other Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents. Investments with an original maturity of greater than three months and not purchased from the cash management pool are presented on the financial statements as cash and cash equivalents and investments in segregated accounts.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which services are consumed.

G. Inventory

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

H. Capital Assets

All of the Center's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

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

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as “interfund receivables/payables.” These amounts are eliminated on the Statement of Net Position.

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rate at fiscal year-end, taking into consideration any limits specified in the Center’s termination policy. The Center records a liability for accumulated unused sick leave for all employees after seventeen years of current service with the Center and who are within ten years of retirement.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which these payments will be made.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

On the governmental fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

M. Interfund Activity

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

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

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

N. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization and amounts representing unclaimed monies. See Note 20 for additional information regarding set asides.

O. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term portion 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 Center Board of Education. Those committed amounts cannot be used for any other purpose unless the 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.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Center 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 Center Board of Education delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Center Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2015's appropriated budget.

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 Center 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.

P. 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.

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

Q. Extraordinary and Special Items

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

R. Estimates

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

S. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect at the time final appropriations were passed.

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

Note 3 - Restatement of Fund Balance

In prior years, the Adult Education Special Revenue Fund has been reported as a non-major Other Governmental Fund, and the Local Funded Initiatives Capital Projects Fund has been reported as a major fund. As of June 30, 2014, the Adult Education Special Revenue Fund will be presented as a major fund and the Local Funded Initiatives Capital Projects Fund will be presented as a non-major fund. The prior year fund balance restatement is presented in the table below for comparability between years.

	Major Funds		Other
	Adult Education	Local Funded Initiatives	Governmental Funds
Fund Balance June 30, 2013	\$0	\$2,526,141	\$4,816,648
Restatement of Fund Balance	1,001,533	(2,526,141)	1,524,608
Restated Fund Balance - June 30, 2013	\$1,001,533	\$0	\$6,341,256

Note 4 - Accountability

At June 30, 2014, the Vocational Education Federal Grant and Food Service Special Revenue Funds had deficit fund balances in the amounts of \$74,134 and \$7,824, respectively. These deficits are the result of the recognition of payables in accordance with 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.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 5 - Budgetary Basis of Accounting

While the Center is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund and the Adult Education Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budgets. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash and changes in fair market value represent amounts received or adjusted to revenue but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	\$637,104	\$143,150
Net Adjustment for Revenue Accruals	(411,984)	(1,928)
Unrecorded Cash - Prior Year	3	0
Unrecorded Cash - Current Year	(9,917)	(687)
Change in Market Value of Investments - Prior Year	(41,996)	(2,596)
Change in Market Value of Investments - Current Year	(6,487)	(450)
Prepaid Items - Prior Year	51,885	7,085
Prepaid Items - Current Year	(85,396)	(19,844)
Net Adjustment for Expenditure Accruals	47,658	(6,765)
Advances In	148,982	0
Advances Out	(102,819)	0
Encumbrances	(235,166)	(51,359)
Budget Basis	(\$8,133)	\$66,606

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 6 - Deposits and Investments

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

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

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

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

Interim monies held by the Center can be deposited or invested in the following securities:

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

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

Mid-East Career and Technology Centers, Ohio
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Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$12,048,096 of the Center's bank balance of \$14,798,096 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments: As of June 30, 2014, the Center had the following investments:

	Fair Value	Maturity	S&P/ Moody's Rating	Percent of Total Investments
Federal Home Loan Mortgage Corporation	\$1,377,069	11/17/2014-6/29/2017	AA+/Aaa	8.83%
Federal National Mortgage Association	2,473,706	3/30/2016-4/30/2018	AA+/Aaa	15.86%
Federal Home Loan Bank	4,117,613	7/30/2014-3/18/2019	AA+/Aaa	26.40%
United States Government Agency Notes	489,969	7/30/2014-11/17/2014	A-1+/P-1	3.14%
United States Treasury Notes	120,103	10/31/2015	AA+/Aaa	0.78%
First American Treasury Obligations	656,688	N/A	N/A	4.22%
Federal Farm Credit	2,266,354	8/25/2014-10/02/2018	AA+/Aaa	14.53%
Negotiable Certificates of Deposit	2,631,229	6/29/2017-5/13/19	N/A	16.87%
Massachusetts Investors Trust - Domestic Conservative Stock	756,790	N/A	N/A	4.85%
Repurchase Agreement	705,591	7/1/2014	N/A	4.52%
STAR Ohio	138,348	Average 51.4 days	AAAm	N/A
Total	<u>\$15,733,460</u>			

Interest Rate Risk

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

Credit Risk

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Concentration of Credit Risk

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Center. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 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 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected 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 for property taxes not levied to finance current year operations.

The amount available as an advance, and recognized as revenue at June 30, 2014, was \$2,155,227 in the General Fund and \$1,270,573 in the Permanent Improvement Levy Capital Projects Fund. The amount available as an advance at June 30, 2013, was \$1,866,285 in the General Fund and \$1,114,660 was available in the Permanent Improvement Levy Capital Projects 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.

Mid-East Career and Technology Centers, Ohio
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For the Fiscal Year Ended June 30, 2014

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

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$2,583,790,670	84.97%	\$2,567,954,890	84.84%
Public Utility Personal	456,937,290	15.03%	458,772,010	15.16%
Total	<u>\$3,040,727,960</u>	<u>100.00%</u>	<u>\$3,026,726,900</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$4.60		\$4.60	

Note 8 - Receivables

Receivables at June 30, 2014, consisted of property taxes, payment in lieu of taxes, accounts, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, payments in lieu of taxes, and the classroom facilities grant, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$1,613,451 may not be collected within one year. The portion of the State Classroom Facilities grant totaling \$2,408,409 that will be paid to the Center through the Ohio School Facilities Commission for future construction will not be collected within one year.

On October 1, 2009, the Center was awarded \$22,712,695 for renovations to buildings on two campuses under the State's "Classroom Facilities Program". Under this program, the Center entered into an agreement with the State of Ohio in which the State would pay for a portion of the estimated project costs. As part of the process, the Center maintains a fund into which a set amount of proceeds from a levy is receipted for facilities maintenance. On December 23, 2010, an amendment to this project was approved in the amount of \$3,233,631 due to a reassessment of the budget for the project. As of the end of the fiscal year 2014, the Center had received \$23,537,917 of the monies awarded under this program. The remaining amount of \$2,408,409 is recorded as a receivable and \$2,377,478 of that amount is recorded as unavailable revenue on the Balance Sheet.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Race to the Top Grants	\$87,858
ABLE Grant	35,307
Carl D. Perkins Secondary Grant	3,303
Carl D. Perkins Adult Grant	15,452
TIF Grants	66,235
High Schools That Work Grant	1,824
Ohio School Facilities Grant	2,408,409
Miscellaneous Intergovernmental Receivables	3,194
Total	<u>\$2,621,582</u>

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Muskingum County has entered into various enterprise zone agreements. On December 21, 2006, Muskingum County entered into an enterprise zone agreement with The Bilco Company for the purpose of constructing a new manufacturing facility. On September 11, 2006, Muskingum entered into an enterprise zone agreement with Economy Linen for the purpose of constructing a processing facility. On June 7, 2007, Muskingum County entered into an enterprise zone agreement with Avon Products for the purpose of constructing a processing facility.

To encourage these improvements, Muskingum County granted the property owners a 100 percent exemption from paying real and personal property taxes on the new construction; however, the property owners are required to make payments in lieu of taxes. The Center has agreed to these projects and is being made whole for lost real and personal property taxes by receiving payments in lieu of taxes in an amount equal to the real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreement. Subsequent to the phase out of tangible personal property taxes, the Center will continue to receive payments in lieu of taxes in an amount equal to real property that otherwise would have been due each year. The property owners make payments in lieu of taxes to Muskingum County which is distributed to the Center. These payments are being used for operations and were for a ten year period from the inception of the agreements.

Note 9 - Interfund Balances

At June 30, 2014, the General Fund had an interfund receivable from the Vocational Education Federal Grant and the Miscellaneous Federal Grants Special Revenue Funds in the amounts of \$12,898 and \$89,921, respectively, on the governmental fund Balance Sheet. These transactions are the result of interfund loans used to provide cash flow resources until the receipt of grant monies. The Food Service Special Revenue Fund reflects an interfund receivable from the General Fund in the amount of \$84. This transaction was due to a lag between the date the interfund service was provided and when the transaction was recorded in the accounting system.

Note 10 - Capital Assets

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

	Balance <u>June 30, 2013</u>	Additions	Deletions	Balance <u>June 30, 2014</u>
Nondepreciable Capital Assets				
Land	\$333,075	\$0	\$0	\$333,075
Construction in Progress	32,187,405	9,794,580	(41,981,985)	0
Total Nondepreciable Assets	<u>32,520,480</u>	<u>9,794,580</u>	<u>(41,981,985)</u>	<u>333,075</u>
Depreciable Capital Assets				
Buildings and Improvements	12,110,313	41,981,985	(1,385,201)	52,707,097
Vehicles	796,801	61,890	(84,116)	774,575
Machinery, Equipment, Furniture and Fixtures	<u>1,838,753</u>	<u>558,379</u>	<u>(134,759)</u>	<u>2,262,373</u>
Total Capital Assets Being Depreciated	<u>14,745,867</u>	<u>42,602,254</u>	<u>(1,604,076)</u>	<u>55,744,045</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,892,334)	(228,717)	980,644	(6,140,407)
Vehicles	(481,957)	(46,715)	84,116	(444,556)
Machinery, Equipment, Furniture and Fixtures	<u>(1,468,515)</u>	<u>(119,485)</u>	<u>118,791</u>	<u>(1,469,209)</u>
Total Accumulated Depreciation	<u>(8,842,806)</u>	<u>(394,917) *</u>	<u>1,183,551</u>	<u>(8,054,172)</u>
Total Capital Assets Being Depreciated, Net	<u>5,903,061</u>	<u>42,207,337</u>	<u>(420,525)</u>	<u>47,689,873</u>
Governmental Activities Capital Assets, Net	<u>\$38,423,541</u>	<u>\$52,001,917</u>	<u>(\$42,402,510)</u>	<u>\$48,022,948</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$18,797
Vocational	143,007
Adult/Continuing	23,415
Support Services:	
Pupils	4,574
Instructional Staff	5,718
Board of Education	1,144
Administration	20,184
Fiscal	4,114
Business	12,579
Operation and Maintenance of Plant	84,341
Pupil Transportation	33,315
Central	24,689
Non-Instructional Services - Food Service Operations	19,040
Total Governmental Depreciation	<u>\$394,917</u>

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 11 - Interfund Transfers

Interfund transfers for the year ended June 30, 2014 consisted of the following:

Transfer From	Transfer To Other Governmental Funds
General Fund	\$540,000

The Center transferred \$500,000 from the General Fund to the Permanent Improvement Capital Projects Fund in order to maintain a working balance in this fund. The Center also transferred \$40,000 from the General Fund to the Food Service Special Revenue Fund to provide additional funding to support of the operations of the Center's cafeterias.

Note 12 - Risk Management

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the Center contracted with Utica National Insurance Group, through The Young Insurance Agency. The Center also contracted with Ohio Casualty Insurance Company through The Young Insurance Agency for Builders' Risk insurance. Coverage is as follows:

Building and Contents-replacement cost	\$50,171,371	\$5,000 deductible
Inland Marine		
Data Processing	103,800	\$500 deductible
Builders' Risk	645,000	\$1,000 deductible
Records and Property	10,000-500,000	\$500 deductible
General Liability		
Per Occurrence	1,000,000	\$1,000 deductible
Aggregate Per Year	3,000,000	\$1,000 deductible
Fleet Insurance		
Per Occurrence	1,000,000	
Aggregate Per Year	3,000,000	
Medical Expense	5,000	
Garagekeepers Comprehensive	60,000	\$1,000 deductible
Garagekeepers Collision	60,000	\$500 deductible
Commercial Crime		
Employee Theft Per Employee	100,000	\$500 deductible
Forgery or Alteration Per Occurrence	100,000	\$500 deductible
Theft Inside or Outside Premises Per Occurrent	25,000	\$500 deductible

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

Mid-East Career and Technology Centers, Ohio
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For the Fiscal Year Ended June 30, 2014

B. Workers' Compensation

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

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Administrators and teachers who work less than 260 days per year do not earn vacation time. Vacation balances are to be used within one year from the time they are earned. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 280 days for all employees. Upon retirement, employees receive payment for one-fourth of the sick leave accumulation.

B. Insurance

The Center provides health insurance benefits through the Ohio School Benefits Cooperative, an insurance purchasing pool (see Note 18). The costs of health insurance premiums are \$1,912.33 for family coverage and \$764.03 for single coverage. The employees are responsible to pay \$286.85 for family coverage and \$114.60 for single coverage. The board pays the remainder of the monthly premium.

The Center provides life insurance and accidental death and dismemberment insurance to employees through Lincoln Financial Company in the amount of \$45,000 for all employees.

The Center provides dental insurance to employees through Coresource, Inc. The costs of dental insurance premiums are \$90.43 for both family and single coverage with the employee share being \$13.56.

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information.

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For the Fiscal Year Ended June 30, 2014

That report may be obtained by visiting the 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 Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care Funds. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$290,790, \$268,175, and \$260,955, respectively. For fiscal year 2014, 93.56 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers.

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

The Center's required contributions for pension obligations to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$966,269 and \$6,289 for the fiscal year ended June 30, 2014, \$1,001,407 and \$916 for the fiscal year ended June 30, 2013, and \$966,564 and \$823 for the fiscal year ended 2012. For fiscal year 2014, 90.31 percent has been contributed for the DB Plan and 90.31 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$14,284 made by the Center and \$11,223 made by the plan members. In addition, member contributions of \$4,941 and employer contributions of \$6,289 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014 there are nine employees who have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

Plan Description - The Center participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the Center paid \$19,173 in surcharge.

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

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The Center's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$22,261, \$36,285, and \$43,275, respectively. For fiscal year 2014, 12.97 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$16,890, \$15,117, and \$15,314, respectively. For fiscal year 2014, 93.57 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the post-employment health care. The Center's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$75,911, \$77,031, and \$74,910, respectively. For fiscal year 2014, 88.43 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

Note 16 - Capital Leases

In fiscal year 2010, the Center entered into a capitalized lease for two copying machines/printers in the amount of \$43,150. In fiscal year 2013, the Center entered into a capitalized lease for a mailing machine in the amount of \$13,143. Each lease meets the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Capital lease payments have been reclassified from business support services expenditures in the budgetary statements to principal debt service expenditures in the basic financial statements for the General Fund.

Actual principal payments in fiscal year 2014 totaled \$11,978. The equipment was originally capitalized in the amount of \$56,293, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2014 was \$24,204, and the book value was \$32,089.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014:

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	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$6,843	\$908	\$7,751
2016	2,804	544	3,348
2017	3,097	252	3,349
2018	823	14	837
Present Value of Net Minimum Lease Payments	\$13,567	\$1,718	\$15,285

Note 17 - Long-Term Obligations

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

	Outstanding 06/30/13	Additions	Reductions	Outstanding 06/30/14	Due within One Year
Governmental Activities:					
Capital Leases Payable	\$25,545	\$0	(\$11,978)	\$13,567	\$6,843
Tax Anticipation Notes -					
\$8,885,000, Various Interest Rate	3,725,000	0	(1,845,000)	1,880,000	1,880,000
Premium on Tax Anticipation Notes	69,995	0	(46,664)	23,331	0
Total Tax Anticipation Notes Liability	3,794,995	0	(1,891,664)	1,903,331	1,880,000
Certificates of Participation -					
\$11,965,000, Various Interest Rate	11,495,000	0	(150,000)	11,345,000	160,000
Premium on Certificates of Participation	327,652	0	(50,408)	277,244	0
Total Certificates of Participation Liability	11,822,652	0	(200,408)	11,622,244	160,000
Compensated Absences	644,103	163,359	(90,964)	716,498	115,195
Total Governmental Activities Long-Term Liabilities	\$16,287,295	\$163,359	(\$2,195,014)	\$14,255,640	\$2,162,038

On October 22, 2009, the Center issued \$8,855,000 in tax anticipation notes (TANs). The proceeds of the TANs will be used for the local share of constructing school facilities under the Vocational Facilities Assistance Program of the Ohio School Facilities Commission; furnishing and equipping the same; and improving the sites thereof. The TANs were issued in anticipation of the collection of the proceeds of the one and four-tenths mill ten year permanent improvement levy approved by electors of the Center at the election held May 5, 2009. The TANs issuance included a premium of \$233,319 which will be amortized over the life of the TANs and issuance costs of \$175,302, which was expensed.

Principal and interest requirements to maturity for the TANs are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$1,880,000	\$21,150	\$1,901,150

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On December 15, 2009, the Center issued \$11,965,000 in certificates of participation (COPs), for use in upgrading existing facilities. The COPs issuance included a premium of \$504,080 which will be amortized over the life of the COPs and issuance costs of \$291,894, which were expensed. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Muskingum County Business Incubator, and then subleased back to the Center. The COPs were issued through a series of annual leases with an initial lease term of ten years which includes the right to renew for ten successive one-year terms through December 1, 2019, subject to annual appropriations. To satisfy the trustee requirements, the Center is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 1.65 percent to 5.0 percent. The Center has the option to purchase the Project Facilities on any Lease Payment Date by paying \$100 plus the amount necessary to defease the Indenture.

Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$160,000	\$459,862	\$619,862
2016	2,085,000	423,581	2,508,581
2017	2,155,000	357,375	2,512,375
2018	2,220,000	280,650	2,500,650
2019	2,305,000	178,625	2,483,625
2020	2,420,000	60,500	2,480,500
Totals	<u>\$11,345,000</u>	<u>\$1,760,593</u>	<u>\$13,105,593</u>

The Center will pay compensated absences from the General Fund and the Food Service, Adult Education, Vocational Education Federal Grant, and Miscellaneous Federal Grants Special Revenue Funds.

The overall debt margin of the Center as of June 30, 2014, was \$270,511,854, with an unvoted debt margin of \$28,373,702.

Note 18 - Jointly Governed Organizations and Insurance Purchasing Pool

A. Jointly Governed Organizations

The *Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)* was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a board comprised of a representative from each participating school district. The Board exercises total control over the operation of OME-RESA including budgeting, appropriating, contracting, and designating management. Each participant’s degree of control is limited to its representation on the Board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2014, the amount paid to OMERESA from the Center was \$43,594 for technology, internet access, financial accounting services, and educational management information. The Jefferson County Education Service Center serves as fiscal agent. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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The ***Coalition of Rural and Appalachian Schools (CORAS)*** is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of no more than nineteen members not including ex-officio members. The Board shall include the Dean of the College of Education, and two additional members from Ohio University appointed by the Dean. There shall be one elected member from each of the eight multi-county regions. The eight elected members shall appoint eight additional members, one from each multi-county region. A County Region must have a minimum of five active public school district members to qualify for an elected and an appointed member on the Board. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Council exercises total control over the operation of CORAS including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Center's membership fee was \$325 for fiscal year 2014. To obtain financial information write to the Coalition of Rural and Appalachian Schools, Mike Shoemaker, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

The ***Ohio Coalition for Equity and Adequacy of School Funding*** is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of not more than 78 representatives, who are Superintendents of Boards of Education that are Coalition members, plus an additional 12 representatives that need not be Board of Education Superintendents. Each participant's control is limited to its representation on the committee. The steering committee exercises total control of the operation of the Coalition including budgeting, appropriating, contracting, and designating management. The Center's membership fee was \$525 for fiscal year 2014.

The Center participates in the ***Metropolitan Educational Council (MEC)***, a jointly governed organization. The organization is a consortium of school districts and related agencies in the greater central Ohio area. The primary mission of the Council is to contribute to educational services available to youth and adults by the cooperative action of the membership. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC consists of a delegate and alternate representative from each MEC member district who is either a board of education member or school district administrator. The Board exercises total control over the operating of MEC including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. During fiscal year 2014, the Center made a payment of \$396 to MEC for a membership fee. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

B. Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The Center's enrollment fee was \$3,011 for fiscal year 2014.

Ohio School Benefits Cooperative The Center participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay a \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. The Center elected to participate in the joint insurance purchasing program for medical, prescription drug, and vision coverage.

Note 19 - Contingencies

A. Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

The Center is currently not a party to any legal proceedings.

Mid-East Career and Technology Centers, Ohio
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Note 20 - Set-Asides

The Center 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.

Effective June 30, 2005, through Amended Substitute House Bill 66, school districts that are declared to be in Fiscal Caution, may either reduce or eliminate the set-aside, provided that the Districts apply and receive approval from the Ohio Department of Education.

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

	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2013	\$0	\$45,566
Current year offsets	(500,000)	0
Current year set-aside requirement	173,181	0
Qualifying disbursements	(579,847)	0
Total	(\$906,666)	\$45,566
 Set-aside reserve balance as of June 30, 2014	 \$0	 \$45,566

The Center had qualifying expenditures and offsets during the fiscal year that reduced the set-aside amount below zero for capital improvements, which may not be carried forward to future fiscal years.

Note 21 - Significant Commitments

A. Encumbrances

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

Governmental Funds	
General Fund	\$235,166
Adult Education Special Revenue Fund	51,359
Permanent Improvement Levy Capital Projects Fund	870,447
Classroom Facilities Capital Projects Fund	3,446,648
Other Governmental Funds	1,320,121
Total All Funds	\$5,923,741

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

B. Contractual Commitments

As of June 30, 2014, the Center had contractual purchase commitments relating to the Classroom Facilities Project and a local funded project:

Contractor	Purchase Commitments	Amounts Paid as of 06/30/2014	Amounts Remaining on Contracts
Paul Construction Company, Incorporated	\$9,538,476	\$8,592,338	\$946,138
City Electric Service, Incorporated	3,811,526	3,811,526	0
Shelly and Sands, Incorporated	304,276	235,673	68,603
Continental Office Environments	12,131	7,159	4,972
Tom Sexton & Associates	114,489	114,489	0
Zimmerman School Equipment, Inc.	193,982	193,982	0
Lepi Enterprises, Incorporated	68,732	64,489	4,243
Total Environmental Services LLC	11,933	11,933	0
Gandee & Associates, Incorporated	51,000	49,431	1,569
ASM Partners	3,066,535	2,814,070	252,465
Smoot Elford McDaniel's	809,011	656,318	152,693
Stan and Associates	17,382	9,680	7,702
Lawhon & Associates	24,752	16,591	8,161
Stonhard	125,000	125,000	0
Gutridge Plumbing, Incorporated	10,824,391	10,066,896	757,495
Neff Paving	3,187,978	1,628,176	1,559,802
G and M Construction, Incorporated	281,113	281,113	0
Claypool Electric, Incorporated	1,474,590	1,474,590	0
X-F Construction Services, Incorporated	3,971,883	3,484,118	487,765
Peach State Roofing	2,486,395	2,268,465	217,930
RJ Martin Electrical Services	2,936,271	2,667,803	268,468
Louis Polster	579,072	548,367	30,705
Stonecreek, Incorporated	851,317	785,551	65,766
	<u>\$44,742,235</u>	<u>\$39,907,758</u>	<u>\$4,834,477</u>

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

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013/2014	10.555	\$ 15,187	\$ 15,187
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	32,898	32,898
National School Lunch Program	2013/2014	10.555	185,541	185,541
Cash Assistance Subtotal			<u>218,439</u>	<u>218,439</u>
Total Child Nutrition Cluster			233,626	233,626
Child and Adult Care Food Program	2013/2014	10.558	19,412	19,412
Total U.S. Department of Agriculture			253,038	253,038
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - Basic Grants to States	2013 2014	84.002	87,890 <u>222,933</u>	26,844 <u>236,147</u>
Total Adult Education - Basic Grants to States			310,823	262,991
Career and Technical Education - Basic Grants to States	2013 2014	84.048	37,253 <u>597,010</u>	22,755 <u>609,900</u>
Total Career and Technical Education - Basic Grants to States			634,263	632,655
Improving Teacher Quality State Grants	2013 2014	84.367	1,544 <u>3,009</u>	 <u>3,009</u>
Total Improving Teacher Quality State Grants			4,553	3,009
Teacher Incentive Fund Cluster:				
Teacher Incentive Fund	2013 2014	84.374	60,330 <u>259,775</u>	8,526 <u>293,890</u>
Total Teacher Incentive Fund			320,105	302,416
ARRA - Teacher Incentive Fund, Recovery Act				
Teacher Incentive Fund	2013 2014	84.385	20,166 <u>15,886</u>	16,732 <u>15,886</u>
ARRA - Teacher Incentive Fund, Recovery Act			<u>36,052</u>	<u>32,618</u>
Total Teacher Incentive Fund Cluster			356,157	335,034
ARRA - Race to the Top Incentive Grants				
Ohio Appalachian Collaborative (OAC)	2013	84.395	22,026	10,159
Race to the Top	2014		79,670	117,484
Ohio Resident Educator Program	2014		1,400	1,400
Total ARRA - Race to the Top Incentive Grants			<u>103,096</u>	<u>129,043</u>
Student Financial Assistance Cluster:				
<i>Direct from United States Department of Education:</i>				
Federal Pell Grant Program	2014	84.063	735,560	735,560
Federal Direct Student Loans	2014	84.268	<u>1,113,910</u>	<u>1,113,910</u>
Total Student Financial Assistance Cluster			<u>1,849,470</u>	<u>1,849,470</u>
Total U.S. Department of Education			3,258,362	3,212,202
Total Federal Awards Receipts and Expenditures			<u>\$ 3,511,400</u>	<u>\$ 3,465,240</u>

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

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

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports 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 fair value. The Center allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.



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

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

To the Board of Education:

We have audited, 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 the Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

February 23, 2015



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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Mid-East Career and Technology Center's, Muskingum County, Ohio (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 Fund Program

In our opinion, the 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's 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 might be material weaknesses. However material weaknesses may exist that have not been identified.

This report only describes the scope of our tests of internal control over compliance 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

February 23, 2015

**MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM 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): <ul style="list-style-type: none"> • Student Financial Assistance Cluster – CFDA #84.063 and 84.268 • ARRA – Race to the Top Incentive Grants – CFDA #84.395 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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MID-EAST CAREER AND TECHNOLOGY CENTER

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 10, 2015**