



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General and Adult Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 10, 2009

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of the Mid-East Career and Technology Centers' (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2009 are as follows:

- In total, net assets of governmental activities increased \$1,493,277. This represents approximately an eight percent increase from 2008.
- General revenues accounted for \$12,085,198 in revenue or 66 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$6,157,925 or 34 percent of total revenues of \$18,243,123.
- Total assets of governmental activities increased by \$3,559,361 due mostly to the increases in property taxes receivable and cash and cash equivalents.
- The School District had \$16,749,846 in expenses related to governmental activities; only \$6,157,925 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$12,085,198 were adequate enough to provide for these programs.
- The School District has four major funds, the General Fund, Adult Education Special Revenue Fund, and the Permanent Improvement and Permanent Improvement Levy Capital Projects Funds. The General Fund had \$14,133,093 in revenues and \$12,370,249 in expenditures. The General Fund's balance increased \$1,117,844. The Adult Education Special Revenue Fund had \$2,168,694 in revenues and \$2,148,986 in expenditures and the fund balance increased \$19,708. The Permanent Improvement Capital Projects Fund had \$66,291 in revenues, \$600,000 in other financing sources, \$120,303 in expenditures, which resulted in a \$545,988 increase in fund balance. The Permanent Improvement Levy Capital Projects Fund reflects property taxes receivable in the amount of \$2,213,636 which is all deferred.

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 Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

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

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2008-2009 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Adult Education Special Revenue Fund and the Permanent Improvement and Permanent Improvement Levy Capital Projects Funds.

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

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities		
	2009	2008	Change
Assets			
Current and Other Assets	\$23,392,834	\$19,537,237	\$3,855,597
Capital Assets	4,780,062	5,076,298	(296,236)
Total Assets	<u>28,172,896</u>	<u>24,613,535</u>	<u>3,559,361</u>
Liabilities			
Long-Term Liabilities	616,231	535,253	80,978
Other Liabilities	8,349,280	6,364,174	1,985,106
Total Liabilities	<u>8,965,511</u>	<u>6,899,427</u>	<u>2,066,084</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,734,163	5,000,934	(266,771)
Restricted	1,066,767	1,056,388	10,379
Unrestricted	13,406,455	11,656,786	1,749,669
Total Net Assets	<u>\$19,207,385</u>	<u>\$17,714,108</u>	<u>\$1,493,277</u>

Total assets increased \$3,559,361. There are two areas that make up the majority of this increase. Property taxes receivable increased by \$2,321,294 from the prior year. The increase in property taxes receivable was due to a permanent improvement levy passed by the voters of the School District. Cash and cash equivalents increased by \$1,624,658 as a result of prudent spending of fixed revenue streams during the year.

Total liabilities increased by \$2,066,084. There are two areas that make up the majority of this increase. Deferred revenue increased by \$2,110,378 and long-term liabilities increased by \$80,978. The increase in deferred revenue was due to the increase in property taxes receivable as previously mentioned. The increase in long-term liabilities is a result of the increased liability for compensated absences. Changes in compensated absences payable is a combination of increased daily rates, increased sick leave balances, and increased years of service for the School District's personnel.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, and comparisons to fiscal year 2008.

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2
Change in Net Assets

	Governmental Activities		
	2009	2008	Change
Revenues			
Program Revenues:			
Charges for Services	\$2,348,867	\$2,298,115	\$50,752
Operating Grants, Contributions, and Interest	3,809,058	3,916,423	(107,365)
Total Program Revenues	<u>6,157,925</u>	<u>6,214,538</u>	<u>(56,613)</u>
General Revenues:			
Property Taxes	5,223,912	4,449,126	774,786
Grants and Entitlements	6,413,328	6,207,387	205,941
Other	447,958	522,072	(74,114)
Total General Revenues	<u>12,085,198</u>	<u>11,178,585</u>	<u>906,613</u>
Total Revenues	<u>18,243,123</u>	<u>17,393,123</u>	<u>850,000</u>
Program Expenses			
Instruction:			
Regular	1,747,270	1,862,997	(115,727)
Vocational	6,693,389	6,483,514	209,875
Adult/Continuing	2,107,315	2,091,028	16,287
Support Services:			
Pupils	997,711	1,279,181	(281,470)
Instructional Staff	663,499	770,070	(106,571)
Board of Education	85,242	100,182	(14,940)
Administration	1,365,817	1,211,428	154,389
Fiscal	631,365	577,234	54,131
Business	238,711	220,767	17,944
Operation and Maintenance of Plant	1,296,768	1,447,160	(150,392)
Pupil Transportation	72,471	76,333	(3,862)
Central	393,996	361,421	32,575
Operation of Non-Instructional Services	360,774	397,562	(36,788)
Extracurricular Activities	90,750	58,204	32,546
Interest	4,768	3,271	1,497
Total Expenses	<u>16,749,846</u>	<u>16,940,352</u>	<u>(190,506)</u>
Change in Net Assets	1,493,277	452,771	1,040,506
Net Assets Beginning of Year	17,714,108	17,261,337	452,771
Net Assets End of Year	<u>\$19,207,385</u>	<u>\$17,714,108</u>	<u>\$1,493,277</u>

The School District's net assets increased \$1,493,277. Charges for services increased \$50,752 due to increased enrollment in adult education classes. The largest increase in the general revenue category is an increase in property taxes. This increase is due to second half real estate taxes being collected earlier than in the previous year increasing the amount of property taxes available as an advance.

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The largest fluctuation in expenses is shown in the vocational instruction and support services - pupils programs - an increase of \$209,875 and a decrease of \$281,470, respectively. Both of these changes are attributable to the changes in accrued wages and benefits payable and compensated absences liability.

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 29 percent of revenues for governmental activities in fiscal year 2009. The remaining 71 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 63 percent of total governmental program expenses. Of the instructional expenses, approximately 63 percent is for vocational instruction, 20 percent is for adult/continuing instruction and 17 percent is for regular instruction.

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

Table 3
Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Instructional Services:				
Regular	\$1,747,270	\$1,744,470	\$1,862,997	\$1,862,997
Vocational	6,693,389	3,613,431	6,483,514	3,441,667
Adult/Continuing	2,107,315	(101,421)	2,091,028	120,150
Support Services:				
Pupils	997,711	824,005	1,279,181	997,592
Instructional Staff	663,499	413,023	770,070	324,985
Board of Education	85,242	85,242	100,182	100,182
Administration	1,365,817	1,365,817	1,211,428	1,211,428
Fiscal	631,365	548,096	577,234	517,565
Business	238,711	238,711	220,767	220,767
Operation and Maintenance of Plant	1,296,768	1,295,708	1,447,160	1,446,835
Pupil Transportation	72,471	72,471	76,333	76,333
Central	393,996	376,996	361,421	316,599
Operation of Non-Instructional Services	360,774	19,854	397,562	23,899
Extracurricular Activities	90,750	90,750	58,204	54,029
Interest	4,768	4,768	3,271	3,271
Total Expenses	<u>\$16,749,846</u>	<u>\$10,591,921</u>	<u>\$16,940,352</u>	<u>\$10,718,299</u>

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The dependence upon tax revenues and state subsidies is apparent. Approximately 63 percent of total expenses are supported through taxes and other general revenues. Over the past several years the School District has remained in a stable financial position. The School District receives tax revenues from Muskingum, Guernsey, Licking, Coshocton, Perry, Washington, Monroe, Fairfield, and Noble Counties.

The School District's Major Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues in the amount of \$18,127,678 and expenditures in the amount of \$16,353,274.

The General Fund net change in fund balance before other financing uses for the year was an increase in the amount of \$1,762,844. This change in fund balance indicates the amount by which the School District is exceeding in meeting its current obligations for fiscal year 2009. The Adult Education Special Revenue Fund net change in fund balance was an increase in the amount of \$19,708. This minimal change is the result of this fund being able to match its expenditures with fixed revenue streams. The Permanent Improvement Capital Projects Fund's net change in fund balance before other financing sources and uses for the year was a decrease in the amount of \$54,012. This change was due to an increase in capital outlay expenditures for various building improvements. There were no revenues or expenditures in the Permanent Improvement Levy Capital Projects Fund due to the entire financial statement activity of this fund was an asset offset by a liability.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the School District amended its General Fund budget several times however these amendments were not significant. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The School District's ending General Fund balance was \$824,265 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$4,780,062 invested in land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2009 balances compared to 2008.

Mid-East Career and Technology Centers
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 4
Capital Assets at June 30

	Governmental Activities	
	2009	2008
Land	\$333,075	\$333,075
Construction in Progress	0	21,361
Buildings and Improvements	3,740,540	4,001,149
Vehicles	173,758	115,805
Machinery, Equipment, Furniture and Fixtures	532,689	604,908
Totals	\$4,780,062	\$5,076,298

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

Debt

At June 30, 2009, the School District had \$45,899 outstanding for capital leases payable of which \$14,658 is due within one year. Capital leases are paid from the General Fund. See Notes 16 and 17 for more detailed information about the School District's debt.

Economic Factors

During fiscal year 2009, General Fund revenues exceeded General Fund expenditures by \$1,762,844, but there were other financing uses that reduced this amount to \$1,117,844. However, as the preceding information shows, the School District depends on its property taxpayers. The School District has continued to keep spending in line with revenues. Careful monitoring of the School District finances must continue if the School District hopes to remain on firm financial footing. The Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Richard L. White, Treasurer/CFO at Mid-East Career and Technology Centers, 400 Richards RD., Zanesville, Ohio 43701, or e-mail at rwhite@mid-east.k12.oh.us.

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Mid-East Career and Technology Centers, Ohio
Statement of Net Assets
June 30, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$14,588,410
Accounts Receivable	28,252
Intergovernmental Receivable	157,110
Inventory Held for Resale	9,717
Materials and Supplies Inventory	84,673
Accrued Interest Receivable	1,295
Prepaid Items	116,533
Property Taxes Receivable	8,160,251
Payment in Lieu of Taxes Receivable	246,593
Nondepreciable Capital Assets	333,075
Depreciable Capital Assets, Net	4,446,987
Total Assets	28,172,896
Liabilities	
Accounts Payable	32,494
Accrued Wages and Benefits Payable	1,190,202
Intergovernmental Payable	273,603
Claims Payable	13,717
Deferred Revenue	6,726,240
Vacation Benefits Payable	113,024
Long-Term Liabilities:	
Due Within One Year	77,852
Due In More Than One Year	538,379
Total Liabilities	8,965,511
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,734,163
Restricted for:	
Capital Projects	47,572
Set Asides	45,566
Adult Education	852,561
Other Purposes	121,068
Unrestricted	13,406,455
Total Net Assets	\$19,207,385

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, 2009

	Program Revenues		Net (Expense) Revenue and Change in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	
Governmental Activities			Governmental Activities	
Instruction:				
Regular	\$1,747,270	\$0	\$2,800	(\$1,744,470)
Vocational	6,693,389	484,148	2,595,810	(3,613,431)
Adult/Continuing	2,107,315	1,665,073	543,663	101,421
Support Services:				
Pupils	997,711	0	173,706	(824,005)
Instructional Staff	663,499	0	250,476	(413,023)
Board of Education	85,242	0	0	(85,242)
Administration	1,365,817	0	0	(1,365,817)
Fiscal	631,365	0	83,269	(548,096)
Business	238,711	0	0	(238,711)
Operation and Maintenance of Plant	1,296,768	1,060	0	(1,295,708)
Pupil Transportation	72,471	0	0	(72,471)
Central	393,996	0	17,000	(376,996)
Operation of Non-Instructional Services:				
Food Service Operations	357,845	198,586	140,441	(18,818)
Other Non-Instructional Services	2,929	0	1,893	(1,036)
Extracurricular Activities	90,750	0	0	(90,750)
Interest	4,768	0	0	(4,768)
Total Governmental Activities	\$16,749,846	\$2,348,867	\$3,809,058	(10,591,921)
		General Revenues		
		Property Taxes Levied for General Purposes		5,223,912
		Grants and Entitlements not Restricted to Specific Programs		6,413,328
		Investment Earnings		331,070
		Miscellaneous		116,888
		Total General Revenues		12,085,198
		Change in Net Assets		1,493,277
		Net Assets Beginning of Year		17,714,108
		Net Assets End of Year		\$19,207,385

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Balance Sheet
Governmental Funds
June 30, 2009

	General	Adult Education	Permanent Improvement	Permanent Improvement Levy	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$9,543,949	\$904,821	\$3,320,604	\$0	\$761,757	\$14,531,131
Inventory Held for Resale	0	0	0	0	9,717	9,717
Materials and Supplies Inventory	77,285	0	0	0	7,388	84,673
Accounts Receivable	569	17,176	0	0	10,507	28,252
Intergovernmental Receivable	4,181	55,075	0	0	97,854	157,110
Accrued Interest Receivable	932	78	259	0	26	1,295
Interfund Receivable	80,000	0	0	0	0	80,000
Prepaid Items	92,666	16,500	0	0	7,367	116,533
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	48,544	0	0	0	0	48,544
Payment In Lieu of Taxes Receivable	246,593	0	0	0	0	246,593
Property Taxes Receivable	5,946,615	0	0	2,213,636	0	8,160,251
Total Assets	\$16,041,334	\$993,650	\$3,320,863	\$2,213,636	\$894,616	\$23,464,099
Liabilities						
Accounts Payable	\$23,385	\$8,874	\$0	\$0	\$235	\$32,494
Accrued Wages and Benefits Payable	1,000,188	89,946	0	0	100,068	1,190,202
Intergovernmental Payable	214,633	23,977	0	0	34,993	273,603
Interfund Payable	0	0	0	0	80,000	80,000
Deferred Revenue	5,672,288	55,153	259	2,213,636	83,982	8,025,318
Total Liabilities	6,910,494	177,950	259	2,213,636	299,278	9,601,617
Fund Balances						
Reserved for Encumbrances	117,456	24,468	0	0	2,666	144,590
Reserved for Unclaimed Monies	2,978	0	0	0	0	2,978
Reserved for Budget Stabilization	45,566	0	0	0	0	45,566
Reserved for Property Taxes	521,852	0	0	0	0	521,852
Unreserved:						
Designated:						
Designated for Budget Stabilization	128,102	0	0	0	0	128,102
Undesignated, Reported in:						
General Fund	8,314,886	0	0	0	0	8,314,886
Special Revenue Funds	0	791,232	0	0	545,100	1,336,332
Capital Projects Funds	0	0	3,320,604	0	47,572	3,368,176
Total Fund Balances	9,130,840	815,700	3,320,604	0	595,338	13,862,482
Total Liabilities and Fund Balances	\$16,041,334	\$993,650	\$3,320,863	\$2,213,636	\$894,616	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 4,780,062

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

Property Taxes	912,159	
Revenue in Lieu of Taxes	246,593	
Interest	1,295	
Tuition and Fees	8,110	
Grants	130,921	
Total Other Long-Term Assets		1,299,078

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. (4,982)

Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds. (113,024)

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

Capital Leases Payable	(45,899)	
Compensated Absences	(570,332)	
Total Long-Term Liabilities		(616,231)
Net Assets of Governmental Activities		\$19,207,385

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, 2009

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$5,043,320	\$0	\$0	\$0	\$5,043,320
Payment in Lieu of Taxes	28,364	0	0	0	28,364
Intergovernmental	8,472,205	383,367	0	1,354,758	10,210,330
Interest	263,396	21,837	66,291	4,355	355,879
Tuition and Fees	42,059	1,690,046	0	197,474	1,929,579
Rent	1,060	0	0	0	1,060
Charges for Services	243,672	0	0	198,586	442,258
Miscellaneous	39,017	73,444	0	4,427	116,888
Total Revenues	14,133,093	2,168,694	66,291	1,759,600	18,127,678
Expenditures					
Current:					
Instruction:					
Regular	1,707,430	0	0	3,668	1,711,098
Vocational	5,783,946	0	0	710,730	6,494,676
Adult/Continuing	15,120	1,821,775	0	253,644	2,090,539
Support Services:					
Pupils	821,925	0	0	170,894	992,819
Instructional Staff	196,300	261,260	0	201,409	658,969
Board of Education	82,422	0	0	0	82,422
Administration	1,310,320	0	0	0	1,310,320
Fiscal	547,550	65,951	0	0	613,501
Business	222,459	0	0	0	222,459
Operation and Maintenance of Plant	1,149,168	0	0	0	1,149,168
Pupil Transportation	48,539	0	0	0	48,539
Central	362,885	0	0	19,850	382,735
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	347,814	347,814
Other Non-Instructional Services	0	0	0	2,929	2,929
Extracurricular Activities	87,952	0	0	2,798	90,750
Capital Outlay	0	0	120,303	0	120,303
Debt Service:					
Principal Retirement	29,465	0	0	0	29,465
Interest and Fiscal Charges	4,768	0	0	0	4,768
Total Expenditures	12,370,249	2,148,986	120,303	1,713,736	16,353,274
Excess of Revenues Over (Under) Expenditures	1,762,844	19,708	(54,012)	45,864	1,774,404
Other Financing Source (Use)					
Transfers In	0	0	600,000	45,000	645,000
Transfers Out	(645,000)	0	0	0	(645,000)
Total Other Financing Source (Use)	(645,000)	0	600,000	45,000	0
Net Change in Fund Balances	1,117,844	19,708	545,988	90,864	1,774,404
Fund Balances Beginning of Year	8,012,996	795,992	2,774,616	504,474	12,088,078
Fund Balances End of Year	<u>\$9,130,840</u>	<u>\$815,700</u>	<u>\$3,320,604</u>	<u>\$595,338</u>	<u>\$13,862,482</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, 2009

Net Change in Fund Balances - Total Governmental Funds \$1,774,404

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

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

Capital Asset Additions	119,320	
Current Year Depreciation	<u>(415,556)</u>	(296,236)

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

Property Taxes	180,592	
Payment in Lieu of Taxes	(28,364)	
Interest	1,295	
Tuition and Fees	(24,030)	
Grants	<u>(14,240)</u>	115,253

Repayment of a capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement on net assets. 29,465

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	(110,443)	
Vacation Benefits	<u>(14,857)</u>	(125,300)

The internal service fund, used by management to charge the costs of insurance to individual funds, is not reported in the district-wide statement of activities. The net change of the internal service fund is reported with governmental activities. (4,309)

Change in Net Assets of Governmental Activities \$1,493,277

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$5,044,856	\$5,044,856	\$5,012,996	(\$31,860)
Payment in Lieu of Taxes	25,144	25,144	28,364	3,220
Intergovernmental	8,517,211	8,360,116	8,496,342	136,226
Interest	300,000	300,000	253,313	(46,687)
Tuition and Fees	0	0	41,402	41,402
Rentals	800	800	760	(40)
Charges for Services	240,800	240,800	242,796	1,996
Miscellaneous	58,200	58,200	38,997	(19,203)
Total Revenues	14,187,011	14,029,916	14,114,970	85,054
Expenditures				
Current:				
Instruction:				
Regular	1,878,502	1,857,002	1,803,350	53,652
Vocational	6,419,394	6,254,712	5,820,016	434,696
Adult/Continuing	11,350	11,350	13,857	(2,507)
Support Services:				
Pupils	858,839	857,739	845,828	11,911
Instructional Staff	330,982	285,217	223,940	61,277
Board of Education	110,530	100,530	84,017	16,513
Administration	1,343,283	1,339,180	1,350,446	(11,266)
Fiscal	625,913	578,029	553,288	24,741
Business	260,654	260,654	232,270	28,384
Operation and Maintenance of Plant	1,265,710	1,274,710	1,185,647	89,063
Pupil Transportation	103,845	63,845	51,704	12,141
Central	412,623	397,123	374,647	22,476
Operation of Non-Instructional Services	1,000	0	0	0
Extracurricular Activities	67,310	84,310	90,295	(5,985)
Debt Service:				
Principal Retirement	29,465	29,465	29,465	0
Interest and Fiscal Charges	4,768	4,768	4,768	0
Total Expenditures	13,724,168	13,398,634	12,663,538	735,096
Excess of Revenues Over Expenditures	462,843	631,282	1,451,432	820,150
Other Financing Sources (Uses)				
Advances In	30,000	30,000	30,000	0
Transfers In	3,000	3,000	0	(3,000)
Refund of Prior Year Expenditures	600	600	1,615	1,015
Advances Out	(40,000)	(80,000)	(80,000)	0
Transfers Out	(620,000)	(651,100)	(645,000)	6,100
Total Other Financing Sources (Uses)	(626,400)	(697,500)	(693,385)	4,115
Net Change in Fund Balance	(163,557)	(66,218)	758,047	824,265
Fund Balance Beginning of Year	8,307,543	8,307,543	8,307,543	0
Prior Year Encumbrances Appropriated	381,772	381,772	381,772	0
Fund Balance End of Year	\$8,525,758	\$8,623,097	\$9,447,362	\$824,265

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$380,450	\$380,450	\$383,367	\$2,917
Interest	35,000	35,000	20,735	(14,265)
Tuition and Fees	2,326,415	2,487,365	1,735,220	(752,145)
Charges for Services	55,000	55,000	0	(55,000)
Miscellaneous	115,000	115,000	73,444	(41,556)
Total Revenues	2,911,865	3,072,815	2,212,766	(860,049)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	2,546,398	2,700,933	1,848,140	852,793
Support Services:				
Instructional Staff	312,320	312,320	260,458	51,862
Fiscal	79,143	79,143	66,868	12,275
Total Expenditures	2,937,861	3,092,396	2,175,466	916,930
Excess of Revenues Over (Under) Expenditures	(25,996)	(19,581)	37,300	56,881
Other Financing Source				
Refund of Prior Year Expenditures	0	0	2,200	2,200
Net Change in Fund Balance	(25,996)	(19,581)	39,500	59,081
Fund Balance Beginning of Year	823,076	823,076	823,076	0
Prior Year Encumbrances Appropriated	8,475	8,475	8,475	0
Fund Balance End of Year	\$805,555	\$811,970	\$871,051	\$59,081

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fund Net Assets
Dental Self-Insurance Internal Service Fund
June 30, 2009

Current Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$8,735</u>
Total Assets	<u>8,735</u>
Current Liabilities	
Claims Payable	<u>13,717</u>
Total Liabilities	<u>13,717</u>
Net Assets	
Unrestricted (Deficit)	<u><u>(\$4,982)</u></u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Dental Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2009

Operating Revenues	
Charges for Services	\$105,030
Operating Expenses	
Purchased Services	7,536
Claims	<u>101,995</u>
Total Operating Expenses	<u>109,531</u>
Operating Loss	(4,501)
Non-Operating Revenue	
Interest	<u>192</u>
Change in Net Assets	(4,309)
Net Assets (Deficit) Beginning of Year	<u>(673)</u>
Net Assets (Deficit) End of Year	<u><u>(\$4,982)</u></u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Cash Flows
Dental Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2009

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Interfund Services Provided	\$105,030
Cash Payments for Goods and Services	(7,536)
Cash Payments for Claims	<u>(100,918)</u>

Net Cash Used for Operating Activities (3,424)

Cash Flows from Investing Activities

Interest on Investments	<u>192</u>
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Net Decrease in Cash and Cash Equivalents (3,232)

Cash and Cash Equivalents Beginning of Year 11,967

Cash and Cash Equivalents End of Year \$8,735

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

Operating Loss (\$4,501)

Changes in Liabilities

Increase in Claims Payable 1,077

Net Cash Used for Operating Activities (\$3,424)

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$0	\$55,130
Cash and Cash Equivalents in Segregated Accounts	191	0
Investments in Segregated Accounts	361,811	0
Total Assets	362,002	\$55,130
Liabilities		
Due to Students	0	\$55,130
Total Liabilities	0	\$55,130
Net Assets		
Endowments	35,000	
Held in Trust for Students	327,002	
Total Net Assets	\$362,002	

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009

	Private Purpose Trust
Additions	
Interest	\$5,875
Decrease in Fair Value of Investments	(116,753)
Total Additions	(110,878)
Deductions	
Payments for Scholarships	5,800
Change in Net Assets	(116,678)
Net Assets Beginning of Year	478,680
Net Assets End of Year	\$362,002

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, 2009

Note 1 - Description of the School District and Reporting Entity

On April 12, 1965, the State of Ohio Board of Education approved the creation of the Muskingum Area Joint Vocational School District. In 1985, the School District name was changed to the Mid-East Ohio Vocational School District, and on August 11, 2003, the School District name was changed to the Mid-East Career and Technology Centers. The School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school.

The School District includes thirteen member schools as follows: Caldwell Exempted Village School District, Cambridge City School District, Crooksville Exempted Village School District, East Guernsey Local School District, East Muskingum Local School District, Franklin Local School District, Maysville Local School District, Noble Local School District, Northern Local School District, Rolling Hills Local School District, Tri-Valley Local School District, West Muskingum Local School District, and Zanesville City School District. The School District is staffed by seventy-two classified employees and one hundred fifteen certified teaching personnel who provide services to nine hundred ninety students and other community members. The School District currently operates seven instructional buildings on two campuses.

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

Reporting Entity

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

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (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, which is defined as a group insurance purchasing pool. Additional information concerning these organizations is presented in Note 18.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Permanent Improvement The Permanent Improvement Capital Projects Fund accounts for transactions related to acquiring, constructing, or improving permanent improvements within the School District.

Permanent Improvement Levy The Permanent Improvement Levy Capital Projects Fund accounts for proceeds of a levy passed by the voters of the School District to be used for permanent improvements.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts for the operation of the School District's self-insurance program for employee dental claims (See Note 12).

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

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

D. Basis of Accounting

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

During fiscal year 2009, the School District's investments were limited to federal agency securities, stocks, repurchase agreements, non-participating certificates of deposit, certificates of deposit, and STAROhio. Repurchase agreements, non-participating certificates of deposit, and certificates of deposit are reported at cost. Investments in federal agency securities and stocks are stated at fair value based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Non-participating investment contracts are reported at cost or amortized cost. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

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 District distributes interest to the General Fund, Permanent Improvement Capital Projects Fund, Adult Education, Fox Scholarship, and Food Service Special Revenue Funds, Rogge Trust Scholarship Private Purpose Trust Fund, and the Self-Insurance Fund. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$263,396, which includes \$43,818 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. 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 investments in segregated accounts.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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 expensed/expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net assets.

J. Compensated Absences

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

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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. Leases are recognized as a liability on the governmental fund financial statements when due.

L. Interfund Activity

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

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

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

M. Restricted Assets

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

N. Fund Balance Reserves and Designations

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, unclaimed monies, budget stabilization, and property taxes.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

The School District has a designation of unreserved fund balance on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net assets reports \$1,066,767 of restricted net assets. None of this amount is restricted by enabling legislation.

Net assets restricted for other purposes include resources restricted for adult education operations and state and federal grants restricted to expenditure for specified purposes.

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Q. Extraordinary and Special Items

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

R. Estimates

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

S. Budgetary Data

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

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

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

Note 3 - Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District's financial statements.

Mid-East Career and Technology Centers, Ohio
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GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 - Accountability

At June 30, 2009, the Vocational Education Special Revenue Fund and the Dental Self-Insurance Internal Service Fund had deficit fund balance/net assets in the amount of \$29,734 and \$4,982, respectively. These deficits are due to adjustments for accrued liabilities 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.

Note 5 - Budgetary Basis of Accounting

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

	Net Change in Fund Balance	
	General	Adult Education
GAAP Basis	\$1,117,844	\$19,708
Net Adjustment for Revenue Accruals	(19,054)	46,057
Unrecorded Cash - Prior Year	12,749	1,064
Unrecorded Cash - Current Year	(8)	0
Increase in Market Value of Investments - Prior Year	581	48
Increase in Market Value of Investments - Current Year	(10,776)	(897)
Prepaid Items - Prior Year	69,702	14,100
Prepaid Items - Current Year	(92,666)	(16,500)
Net Adjustment for Expenditure Accruals	(135,978)	8,793
Advances In	30,000	0
Advances Out	(80,000)	0
Encumbrances	(134,347)	(32,873)
Budget Basis	\$758,047	\$39,500

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

Mid-East Career and Technology Centers, Ohio
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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);
7. The State Treasurer's investment pool (STAROhio); 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.

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$8,343,950 of the School District's bank balance of \$11,208,600 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Investments: As of June 30, 2009, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>S&P/Moody's Rating</u>	<u>Percent of Total Investments</u>
Federal Home Loan Mortgage Corporation - Agency Note	\$200,258	12/30/2010	AAA	4.72%
Federal Home Loan Mortgage Corporation - Agency Note	165,095	1/27/2011	AAA	3.88%
Federal National Mortgage Association	200,250	3/10/2014	Aaa	4.71%
Federal Farm Credit Bank	499,375	1/30/2014	Aaa	11.75%
Federal Home Loan Bank Bond	401,376	2/6/2013	AAA	9.44%
Federal National Mortgage Association	100,031	1/21/2014	Aaa	2.35%
Federal Home Loan Mortgage Corporation	198,746	6/16/2014	Aaa	4.68%
Federal Home Loan Bank Agency Note	164,856	1/8/2010	AAA	3.88%
Federal Home Loan Bank Discount Note	90,000	7/2/2009	AAA	2.12%
Federal Home Loan Bank Discount Note	179,838	11/17/2009	AAA	4.23%
Federal Home Loan Mortgage Corporation - Discount Note	224,145	5/5/2010	AAA	5.27%
Federal Home Loan Bank Discount Note	169,269	6/11/2010	AAA	3.98%
Federal Home Loan Mortgage Corporation - Agency Note	185,290	7/12/2010	AAA	4.36%
Federal National Mortgage Association - Agency Note	160,050	7/28/2010	AAA	3.77%
Federal National Mortgage Association - Agency Note	150,535	11/24/2010	AAA	3.54%
Repurchase Agreement	661,085	1 Day	AAA	15.56%
Massachusetts Investors Trust - Domestic Conservative Stock	361,811	N/A	N/A	8.52%
STAR Ohio	<u>137,844</u>	Average 58.1 days	AAAm	3.24%
Total	<u>\$4,249,854</u>			

Interest Rate Risk

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Credit Risk

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

Concentration of Credit Risk

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenues received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenue received in calendar 2009 (other than public utility property tax) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008 on the value as of December 31, 2008. Payments made by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. The County Auditor periodically advances to the School District its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2009 are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

At June 30, 2009, \$521,852 was available as an advance in the General Fund. The amount available as an advance at June 30, 2008, was \$480,625 in the General Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$2,310,063,440	87.58%	\$2,389,192,920	90.32%
Public Utility Personal	191,231,150	7.25%	177,177,670	6.70%
General Business Personal	136,212,088	5.17%	78,871,028	2.98%
Total	\$2,637,506,678	100.00%	\$2,645,241,618	100.00%
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

Note 8 - Receivables

Receivables at June 30, 2009, consisted of property taxes, payment in lieu of taxes, accounts (rent), 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 and payment in lieu of taxes, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$912,159 may not be collected within one year.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

The School District receives payment in lieu of taxes from multiple tax increment financing agreements that were entered into between the individual member school districts and corporations. These payments will be received based on each individual agreement and at June 30, 2009, the agreements range from ten to thirteen years.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Title II-A	\$2,802
Adult Education Grant	55,075
Title IV-A	308
ABLE Grant	60,042
Carl D. Perkins Secondary Grant	30,006
Carl D. Perkins Adult Grant	2,240
Adult Full Service	2,456
GED Testing Reimbursement	2,610
Miscellaneous Intergovernmental Reimbursements	1,571
Total	\$157,110

Note 9 - Interfund Balances

At June 30, 2009, the General Fund had an interfund receivable from the Miscellaneous Federal Grants and Vocational Education Grant Special Revenue Funds in the amounts of \$30,000 and \$50,000, 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.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Nondepreciable Capital Assets				
Land	\$333,075	\$0	\$0	\$333,075
Construction in Progress	21,361	0	(21,361)	0
Total Nondepreciable Assets	<u>354,436</u>	<u>0</u>	<u>(21,361)</u>	<u>333,075</u>
Depreciable Capital Assets				
Buildings and Improvements	10,787,707	21,361	0	10,809,068
Vehicles	439,579	89,180	0	528,759
Machinery, Equipment, Furniture and Fixtures	<u>1,901,363</u>	<u>30,140</u>	<u>(16,000)</u>	<u>1,915,503</u>
Total Capital Assets Being Depreciated	<u>13,128,649</u>	<u>140,681</u>	<u>(16,000)</u>	<u>13,253,330</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,786,558)	(281,970)	0	(7,068,528)
Vehicles	(323,774)	(31,227)	0	(355,001)
Machinery, Equipment, Furniture and Fixtures	<u>(1,296,455)</u>	<u>(102,359)</u>	<u>16,000</u>	<u>(1,382,814)</u>
Total Accumulated Depreciation	<u>(8,406,787)</u>	<u>(415,556) *</u>	<u>16,000</u>	<u>(8,806,343)</u>
Total Capital Assets Being Depreciated, Net	<u>4,721,862</u>	<u>(274,875)</u>	<u>0</u>	<u>4,446,987</u>
Governmental Activities Capital Assets, Net	<u><u>\$5,076,298</u></u>	<u><u>(\$274,875)</u></u>	<u><u>(\$21,361)</u></u>	<u><u>\$4,780,062</u></u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$26,002
Vocational	152,928
Adult/Continuing	26,959
Support Services:	
Pupils	5,639
Instructional Staff	10,615
Board of Education	2,820
Administration	27,582
Fiscal	5,125
Business	14,099
Operation and Maintenance of Plant	100,053
Pupil Transportation	23,932
Central	10,106
Non-Instructional Services - Food Service Operations	9,696
Total Governmental Depreciation	<u><u>\$415,556</u></u>

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 11 - Interfund Transfers

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Transfer From	Transfers To		
	Permanent Improvement	Other Nonmajor Governmental	Total
General Fund	\$600,000	\$45,000	\$645,000
	\$600,000	\$45,000	\$645,000

The School District transferred \$600,000 from the General Fund to the Permanent Improvement Capital Projects Fund in order to maintain a working balance in the fund. The School District also transferred \$45,000 to the Severance Special Revenue Fund to accumulate resources for the School District's future years severance costs.

Note 12 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Utica National Insurance Group, through The Young Insurance Agency, for property, boiler and machinery, inland marine, crime insurance, general liability insurance, and fleet insurance. Coverage is as follows:

Building and Contents-replacement cost	\$33,795,317	Blanket
Inland Marine		
Data Processing	51,687	\$500 deductible
Builders' Risk	90,000	\$1,000 deductible
Valuable Papers and Records	100,000	\$500 deductible
Miscellaneous School Equipment	500,000	\$500 deductible
Crime Insurance		
Employee Theft	100,000	\$500 deductible
Forgery or Alteration	100,000	\$500 deductible
Money & Securities	25,000	\$500 deductible
General Liability		
Per Occurrence	1,000,000	n/a
Aggregate Per Year	3,000,000	n/a
Medical Expense	5,000	n/a
Fleet Insurance		
Per Occurrence	1,000,000	\$1,000 deductible
Aggregate Per Year	3,000,000	n/a
Medical Expense	5,000	n/a
Garagekeepers Comprehensive	60,000	\$1,000 deductible
Garagekeepers Collision	60,000	\$500 deductible

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. Workers' Compensation

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

C. Dental Insurance

The School District provides dental coverage through a self-insurance internal service fund. The School District contracts with ALR to provide third-party administration services to the self-insurance plan. The School District pays into the Dental Self-Insurance Internal Service Fund 85 percent of the required premium and employees pay the remaining fifteen percent. These premiums are paid by the fund that pays the salary for the employee and is based on historical cost information. There is a maximum claims payment of \$1,500 per person, per year. The School District does not purchase stop loss coverage for the dental self-insurance program.

The claims liability of \$13,717 reported in the internal service fund at June 30, 2009 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2008 and 2009 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2008	\$13,384	\$110,997	\$111,741	\$12,640
2009	12,640	101,995	100,918	13,717

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.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. Insurance

The School District provides health insurance benefits through Anthem Blue Cross Blue Shield. The costs of health insurance premiums are \$1,910.80 for family coverage and \$764.33 for single coverage. The employees are responsible to pay \$282.25 for family coverage and \$113.25 for single coverage. The board pays the remainder of the monthly premium.

The School District provides life insurance and accidental death and dismemberment insurance to employees through Anthem Blue Cross Blue Shield in the amount of \$45,000 for all employees.

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$149,533, \$160,973, and \$173,549 respectively; 92.25 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$937,769, \$914,655, and \$899,714 respectively; 87.02 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$6,778 made by the School District and \$7,232 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the Sate Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, there are seven employees who have elected Social Security.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$112,269, \$108,604, and \$92,328 respectively; 56.26 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$12,540, \$11,599, and \$11,801 respectively; 92.38 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$72,136, \$70,539, and \$69,209 respectively; 87.02 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 16 - Capital Leases

In fiscal year 2003, the School District has entered into a capitalized, interest free lease for two copying machines in the amount of \$82,122. In fiscal year 2007, the School District entered into a capitalized lease for a copying machine in the amount of \$29,831. In fiscal year 2008, the School District entered into capitalized leases for a mailing machine and a copier in the amounts of \$17,924 and \$20,739, respectively. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified from business support services expenditures in the budgetary statements to principal debt service expenditures in the basic financial statements for the General Fund.

Actual principal payments in fiscal year 2009 totaled \$29,465. The equipment was originally capitalized in the amount of \$161,365, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2009 was \$68,104, and the book value was \$93,261.

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, 2009:

	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$14,658	\$3,647	\$18,305
2011	15,672	2,141	17,813
2012	9,281	997	10,278
2013	6,288	207	6,495
Present Value of Net Minimum Lease Payments	\$45,899	\$6,992	\$52,891

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 17 - Long-Term Obligations

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

	Principal Outstanding 06/30/08	Additions	Reductions	Principal Outstanding 06/30/09	Amounts Due within One Year
Governmental Activities:					
Capital Leases Payable	\$75,364	\$0	(\$29,465)	\$45,899	\$14,658
Compensated Absences	459,889	120,932	(10,489)	570,332	63,194
Total Governmental Activities					
Long-Term Liabilities	\$535,253	\$120,932	(\$39,954)	\$616,231	\$77,852

The School District will pay compensated absences from the General Fund.

The overall debt margin of the School District as of June 30, 2009, was \$238,025,847, with an unvoted debt margin of \$2,599,343.

Note 18 - Jointly Governed Organizations and Insurance Purchasing Pool

A. Jointly Governed Organizations

The *Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)* was created as a regional council of governments pursuant to State statutes. OME-RESA has participating districts from 12 counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. The School District's payment for computer services to OME-RESA in fiscal year 2009 was \$34,286. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The *Coalition of Rural and Appalachian Schools (CORAS)* is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2009.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The *Ohio Coalition for Equity and Adequacy of School Funding* is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of not more than 78 representatives, who are Superintendents of Boards of Education that are Coalition members, plus an additional 12 representatives that need not be Board of Education Superintendents. A maximum of 78 steering committee representatives may be appointed by the Chairperson. The School District's membership fee was \$501 for fiscal year 2009.

The School District participates in the *Metropolitan Educational Council (MEC)*, a jointly governed organization. The organization is composed of 166 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. During fiscal year 2009, the School District made a payment of \$396 to MEC for a membership fee. Financial information may be obtained from the Metropolitan Educational Council, Denise Canfield, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

B. Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee was \$3,635 for fiscal year 2009.

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 20 - Set-Asides

The School District is required by State statute to annually set-aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the workers' compensation refunds.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2008	\$0	\$0	\$45,566
Carry over from prior year	(1,395,732)	0	0
Current year set-aside requirement	169,205	169,205	0
Current year offsets	0	(600,000)	0
Qualifying disbursements	(342,676)	(309,903)	0
Total	(\$1,569,203)	(\$740,698)	\$45,566
Set-aside balance carried forward to future fiscal years	(\$1,569,203)	\$0	\$0
Set-aside reserve balance as of June 30, 2009	\$0	\$0	\$45,566

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero for textbooks and capital improvements. This extra amount may be used to reduce the set-aside requirement of future years for textbooks. The extra amount in the capital improvements set-aside may not be used to reduce the capital set-aside in future fiscal years.

Note 21 - Subsequent Event

On September 14, 2009, the School District's Board approved participation in the Ohio School Facilities Commission Vocational Facilities Program. The total estimated project was \$31,620,827 with the state contributing \$22,712,695, leaving the School District with a local share of \$8,908,132. On October 22, 2009, the School District issued \$8,855,000 in Permanent Improvement Levy Tax Anticipation Notes to provide local funds for the project. The notes have interest rates from 2% to 5% with a final maturity of December 1, 2014.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education.</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	\$22,806	\$22,806
Cash Assistance:				
School Breakfast Program	051300-05PU-2008/9	10.553	15,213	15,213
National School Lunch Program	051300-LLP4-2008/9	10.555	148,011	148,011
Cash Assistance Subtotal			<u>163,224</u>	<u>163,224</u>
Total Nutrition Cluster			186,030	186,030
Child and Adult Care Food Program	051300-CCMO-2008/9	10.558	10,848	10,848
Total U.S. Department of Agriculture			196,878	196,878
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education.</i>				
Adult Education-Basic Grants to States	051300-ABS1-2008	84.002	(14,046)	19,104
	051300-ABS1-2009	84.002	255,822	244,883
Total Adult Education-Basic Grants to States			<u>241,776</u>	<u>263,987</u>
Career and Technical Education- Basic Grants to States	051300-20A0-2008	84.048	3,587	(108)
	051300-20C1-2009	84.048	509,465	462,855
	051300-20C2-2009	84.048	89,068	91,233
	051300-20A5-2008	84.048	1,822	0
	051300-20C1-2008	84.048	67,706	84,508
	051300-20C2-2008	84.048	1,375	3,766
Total Career and Technical Education-Basic Grants to States			<u>673,023</u>	<u>642,254</u>
Safe and Drug-Free Schools and Communities - State Grants	051300-DRS1-2008	84.186	(440)	0
	051300-DRS1-2009	84.186	1,891	1,584
Total Safe and Drug-Free Schools and Communities - State Grants			<u>1,451</u>	<u>1,584</u>
State Grants for Innovative Programs	051300-C2-S1-2008	84.298	(643)	0
	051300-C2-S1-2009	84.298	2,095	2,095
Total State Grants for Innovative Programs			<u>1,452</u>	<u>2,095</u>
Improving Teacher Quality State Grants	051300-TRS1-2008	84.367	(445)	0
	051300-TRS1-2009	84.367	2,155	2,155
Total Improving Teacher Quality State Grants			<u>1,710</u>	<u>2,155</u>
Student Financial Assistance Cluster: <i>Direct from United States Department of Education:</i>				
Federal Pell Grant Program	N/A	84.063	404,590	404,590
<i>Passed through Great Lakes Educational Loans:</i>				
Federal Family Education Loans (FFEL)	N/A	84.032	566,745	566,745
Total Student Financial Assistance Cluster			<u>971,335</u>	<u>971,335</u>
Total U.S. Department of Education			<u>1,890,747</u>	<u>1,883,410</u>
Total Federal Awards Receipts and Expenditures			<u>\$2,087,625</u>	<u>\$2,080,288</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Mid East Career and Technology Centers' (the School District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C– FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D –TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2008 to 2009 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2008 to 2009</u>
Adult Education-Basic Grants to States	84.002	\$ 14,046
Safe and Drug-Free Schools and Communities	84.186	440
State Grants for Innovative Programs	84.298	643
Improving Teacher Quality State Grant	84.367	444



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 10, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 10, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Assistance Cluster – Federal Pell Grant Program, CFDA #84.063 and Federal Family Education Loans, CFDA #84.032
<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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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on January 14, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

December 10, 2009



Mary Taylor, CPA
Auditor of State

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

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 5, 2010**