



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2010**



**Dave Yost • Auditor of State**



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

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 Career and Technology Education Centers, Licking County, Ohio, (the Center) as of and for the year ended June 30, 2010, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center'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 Careers Technology Educational Centers, Licking County, Ohio, as of June 30, 2010, and the respective changes in financial position 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 February 4, 2011, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

February 4, 2011

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

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The discussion and analysis of the Career and Technology Education Centers of Licking County's (C-TEC) financial performance provides an overall review of C-TEC's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at C-TEC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of C-TEC's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year 2010 are as follows:

- Net assets of governmental activities increased \$178,919.
- Capital assets decreased \$1,080,538 primarily due to current year depreciation.
- General revenues accounted for \$13,065,032 or 69 percent of total revenues of \$18,938,927. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$5,873,895, or 31 percent of total revenues.
- C-TEC had \$18,760,008 in expenses related to governmental activities; only \$5,873,895 of these expenses were offset by program specific charges for services and grants and contributions. General revenues of \$13,065,032 were adequate to provide for these activities.

**Using this Annual Financial Report**

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

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

**Reporting C-TEC as a Whole**

**Statement of Net Assets and Statement of Activities**

While this document contains information about the large number of funds used by C-TEC to provide programs and activities for students, the view of C-TEC as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

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

In the Statement of Net Assets and the Statement of Activities, all of C-TEC's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

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

*Fund Financial Statements*

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

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

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**C-TEC as a Whole**

Recall that the Statement of Net Assets provides the perspective of C-TEC as a whole. Table 1 provides a summary of C-TEC's net assets for 2010 compared to 2009.



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

**Table 1  
Net Assets**

	<u>Governmental Activities</u>		
	2010	2009	Change
<b>Assets</b>			
Current and Other Assets	\$16,945,021	\$11,771,292	\$5,173,729
Capital Assets	38,067,461	39,147,999	(1,080,538)
<b>Total Assets</b>	55,012,482	50,919,291	4,093,191
<b>Liabilities</b>			
Long-Term Liabilities	33,178,098	29,050,920	4,127,178
Other Liabilities	8,997,198	9,210,104	(212,906)
<b>Total Liabilities</b>	42,175,296	38,261,024	3,914,272
<b>Net Assets</b>			
Invested in Capital Assets, Net of Debt	10,531,670	11,339,665	(807,995)
Restricted	1,644,210	939,141	705,069
Unrestricted	661,306	379,461	281,845
<b>Total Net Assets</b>	\$12,837,186	\$12,658,267	\$178,919

The increase in current and other assets is primarily due to an increase in cash and cash equivalents in the amount of \$4,717,050 and an increase in taxes receivable in the amount of \$329,321. The increase in cash and cash equivalents is primarily due to C-TEC issuing the 2010 Various Purpose Bonds on June 7, 2010 in the amount of \$3,655,000 which are to be used to retire the 2009 School Facilities Bond Anticipation Notes which mature on September 2, 2010. As of year-end, \$3,655,000 in bond proceeds remained unspent in the Bond Retirement Debt Service Fund. Property taxes receivable increased due to an increase the amount certified by the county auditors and an increase in assessed values during fiscal year 2010. The \$1,080,538 decrease in capital assets is primarily due to current year depreciation.

The \$212,906 decrease in other liabilities is primarily due to a decrease in retainage payable in the amount of \$240,168. There was no retainage payable for fiscal year 2010. The \$4,127,178 increase in long-term liabilities is primarily due to C-TEC issuing the 2010 Various Purpose Bonds on June 7, 2010 to retire the 2009 School Facilities Bond Anticipation Notes which did not mature until September 2, 2010. Compensated absences increased in fiscal year 2010 in the amount of \$160,383. In addition, a capital lease for a mailing machine was entered into during fiscal year 2010 which had an outstanding balance of \$10,450 as of June 30, 2010.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, and comparisons to fiscal year 2009.

**Table 2  
Changes in Net Assets**

	Governmental Activities		
	2010	2009	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$2,776,851	\$2,358,704	\$418,147
Operating Grants, Contributions and Interest	3,052,789	2,871,370	181,419
Capital Grants and Contributions	44,255	0	44,255
	<u>5,873,895</u>	<u>5,230,074</u>	<u>643,821</u>
General Revenue			
Property Taxes	8,680,222	9,219,294	(539,072)
Grants and Entitlements	4,224,918	4,080,552	144,366
Investment Earnings	18,197	89,316	(71,119)
Miscellaneous Revenue	141,695	95,253	46,442
	<u>13,065,032</u>	<u>13,484,415</u>	<u>(419,383)</u>
Total Revenues	<u>18,938,927</u>	<u>18,714,489</u>	<u>224,438</u>
<b>Program Expenses</b>			
Instruction			
Regular	331,455	302,251	29,204
Special	512,328	529,134	(16,806)
Vocational	7,236,130	6,846,906	389,224
Adult/Continuing	2,373,037	1,990,589	382,448
Support Services			
Pupils	758,338	651,089	107,249
Instructional Staff	1,188,594	1,339,100	(150,506)
Board of Education	31,963	24,103	7,860
Administration	1,064,330	1,050,531	13,799
Fiscal	330,085	443,022	(112,937)
Business	576,331	520,178	56,153
Operation and Maintenance of Plant	1,599,254	1,926,907	(327,653)
Pupil Transportation	23,862	21,385	2,477
Central	1,649,000	1,750,354	(101,354)
Operation of Non-Instructional Services			
Food Service Operations	281,853	263,679	18,174
Other	1,169	32,483	(31,314)
Extracurricular Activities	76,567	89,779	(13,212)
Interest and Fiscal Charges	725,712	1,391,564	(665,852)
Total Expenses	<u>18,760,008</u>	<u>19,173,054</u>	<u>(413,046)</u>
<i>Change in Net Assets</i>	178,919	(458,565)	637,484
Net Assets Beginning of Year	12,658,267	13,116,832	(458,565)
Net Assets End of Year	<u>\$12,837,186</u>	<u>\$12,658,267</u>	<u>\$178,919</u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

C-TEC's net assets increased \$178,919. Revenues increased in fiscal year 2010 while expenditures decreased during fiscal year 2010. The increase in revenues was attributed to the increase in charges for services for the adult education program. Property taxes revenue decreased by \$539,072 due to C-TEC needing less money for future debt service requirements. C-TEC's millage was 3.00 for the first half of fiscal year 2009 and reduced to 2.50 at the beginning of the second half of fiscal year 2009. Fiscal year 2010's millage was 2.50 for the whole fiscal year. Expenses decreased in fiscal year 2010 due to the C-TEC Board implementing cost saving measures. There were no increases in base salaries or step increases for fiscal year 2010 and the non-teaching staff began participating in furlough days. The primary reason for the decrease in expenses was due to the decrease in interest and fiscal charges in the amount of \$665,852 due mainly to C-TEC partially advance refunding the 2002 School Facilities Improvement General Obligation Bonds. This refunding decreased the amount of interest required to be paid during fiscal year 2010.

Instructional programs comprise approximately 56 percent of total governmental program expenses. Of the instructional expenses, approximately 3 percent is for regular instruction, 5 percent for special instruction, 69 percent for vocational instruction, and 23 percent for adult/continuing instruction.

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

**Table 3  
Governmental Activities**

	2010 Total Cost of Services	2010 Net Cost of Services	2009 Total Cost of Services	2009 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$331,455	\$239,432	\$302,251	\$225,605
Special	512,328	512,328	529,134	256,764
Vocational	7,236,130	5,314,494	6,846,906	5,002,688
Adult/Continuing	2,373,037	(179,201)	1,990,589	(168,615)
Support Services:				
Pupils	758,338	422,613	651,089	423,558
Instructional Staff	1,188,594	885,073	1,339,100	986,756
Board of Education	31,963	31,963	24,103	24,103
Administration	1,064,330	1,057,742	1,050,531	1,046,071
Fiscal	330,085	330,085	443,022	443,022
Business	576,331	348,258	520,178	515,178
Operation and Maintenance of Plant	1,599,254	1,592,175	1,926,907	1,922,618
Pupil Transportation	23,862	23,862	21,385	21,385
Central	1,649,000	1,505,906	1,750,354	1,654,571
Operation of Non-Instructional Services				
Food Service Operations	281,853	13,584	263,679	90,375
Other	1,169	(126)	32,483	32,483
Extracurricular Activities	76,567	62,213	89,779	74,854
Interest and Fiscal Charges	725,712	725,712	1,391,564	1,391,564
<b>Totals</b>	<b>\$18,760,008</b>	<b>\$12,886,113</b>	<b>\$19,173,054</b>	<b>\$13,942,980</b>

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2010, only 31 percent of the governmental activities performed by C-TEC are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 69 percent is provided through taxes and entitlements.

**C-TEC Funds**

C-TEC's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,448,349, expenditures of \$18,713,179, and other financing sources and uses of \$4,744,940.

**General Fund**

The fund balance of the General Fund at June 30, 2010 is \$1,014,484, an increase of \$358,697 from fiscal year 2009. The majority of the increase is primarily the result of C-TEC's Board of Education implementing cost saving measures during fiscal year 2010 and due to C-TEC not spending all of their allotted career-technical education weighted funds in fiscal year 2010. The Board of Education was aware of the financial stress that C-TEC was under so several cost saving measures were implemented along with a reduction in force which was approved on March 25, 2010. The reduction in force savings will be realized beginning in fiscal year 2011.

**Other Governmental Major Funds**

**Adult Education Fund**

The fund balance of the Adult Education Special Revenue Fund at June 30, 2010 is \$533,177, a decrease of \$49,198 from the prior year primarily due to an increase in adult education expenses.

**Bond Retirement Fund**

The fund balance of the Bond Retirement Debt Service Fund at June 30, 2010 is \$5,168,148, an increase of \$4,096,567 from the prior year primarily due to C-TEC issuing 2010 Various Purpose Bonds on June 7, 2010 in the amount of \$3,655,000 to retire the 2009 School Facilities Bond Anticipation Notes which mature on September 2, 2010. As of year-end, \$3,655,000 in bond proceeds remained unspent.

**General Fund Budgeting Highlights**

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

During the course of fiscal 2010, C-TEC amended its original appropriations with a decrease of \$848,409. Final Appropriations exceeded actual expenditures by \$165,977.

C-TEC received \$88,110 more in revenues than what was expected during fiscal year 2010. Budget basis revenue was \$12,854,713 compared to final estimates of \$12,766,603.

The School District's ending general fund budgetary balance was \$1,025,054.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, C-TEC had \$38,067,461 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to 2009.

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

	<u>Government Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$107,951	\$107,951
Buildings and Improvements	35,810,281	36,701,195
Furniture and Equipment	2,027,134	2,204,369
Vehicles	122,095	134,484
<b>Totals</b>	<b><u>\$38,067,461</u></b>	<b><u>\$39,147,999</u></b>

See Note 9 for additional information regarding capital assets.

**Debt**

At June 30, 2010, C-TEC had \$32,283,127 in debt outstanding (including premiums and accounting gain), with \$1,355,343 being due within one year.

**Table 5  
Outstanding Debt at June 30**

	<u>Government Activities</u>	
	<u>2010</u>	<u>2009</u>
Construction and Equipment Long-Term Loan	\$300,001	\$333,334
School Facilities Bond Anticipation Notes	3,400,000	3,300,000
School Facilities Improvement General Obligation Bonds	5,623,792	24,682,998
School Facilities Improvement Refunding Bonds	18,554,613	0
Various Purpose Bonds	4,394,271	0
Capital Leases	10,450	0
<b>Totals</b>	<b><u>\$32,283,127</u></b>	<b><u>\$28,316,332</u></b>

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

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**Economic Factors**

In October of 2009, C-TEC was forecasting a deficit balance at June 30, 2011 of (\$524,097). This was prior to learning that C-TEC had lost their lawsuit with their general contractor related to the construction project which was completed in 2006 and the results of the subsequent mediation. In addition, this forecast did not account for the bonding out of the \$3,300,000 note that was issued to finish the construction project. These factors, along with the anticipated State budget shortfall of \$6 to \$8 billion for the next biennium forced the Board of Education to approve a reduction in force on March 25, 2010 that called for the reduction of 37 positions effective June 30, 2010 and an additional five positions effective June 30, 2011. This reduction in force, along with cost saving measures C-TEC has taken over the past several years, has allowed C-TEC to forecast a positive balance through the current five year forecast under current assumptions.

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

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010**

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$6,857,877
Cash and Cash Equivalents in Segregated Accounts	4,920
Accounts Receivable	674,880
External Party Receivable	3,829
Intergovernmental Receivable	129,082
Prepaid Items	59,931
Accrued Interest Receivable	282
Inventory Held for Resale	1,098
Property Taxes Receivable	8,843,789
Deferred Charges	369,333
Nondepreciable Capital Assets	107,951
Depreciable Capital Assets, Net	37,959,510
<i>Total Assets</i>	<i>55,012,482</i>
<b>Liabilities</b>	
Matured Compensated Absences	64,790
Accounts Payable	131,844
Accrued Wages and Benefits	900,360
Accrued Interest Payable	148,058
Intergovernmental Payable	295,573
Vacation Benefit Payable	171,302
Deferred Revenue	7,285,271
Long-Term Liabilities:	
Due Within One Year	1,459,773
Due In More Than One Year	31,718,325
<i>Total Liabilities</i>	<i>42,175,296</i>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	10,531,670
Restricted for:	
Capital Projects	6,825
Debt Service	747,851
Adult Education	812,618
Other Purposes	76,916
Unrestricted	661,306
<i>Total Net Assets</i>	<i>\$12,837,186</i>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$331,455	\$12,986	\$79,037	\$0	(\$239,432)
Special	512,328	0	0	0	(512,328)
Vocational	7,236,130	270,519	1,651,117	0	(5,314,494)
Adult/Continuing	2,373,037	2,202,984	349,254	0	179,201
Support Services:					
Pupils	758,338	0	335,725	0	(422,613)
Instructional Staff	1,188,594	28,162	275,359	0	(885,073)
Board of Education	31,963	0	0	0	(31,963)
Administration	1,064,330	4,064	2,524	0	(1,057,742)
Fiscal	330,085	0	0	0	(330,085)
Business	576,331	0	228,073	0	(348,258)
Operation and Maintenance of Plant	1,599,254	7,079	0	0	(1,592,175)
Pupil Transportation	23,862	0	0	0	(23,862)
Central	1,649,000	0	98,839	44,255	(1,505,906)
Operation of Non-Instructional Services:					
Food Service Operations	281,853	236,703	31,566	0	(13,584)
Other Non-Instructional Services	1,169	0	1,295	0	126
Extracurricular Activities	76,567	14,354	0	0	(62,213)
Interest and Fiscal Charges	725,712	0	0	0	(725,712)
<b>Totals</b>	<b>\$18,760,008</b>	<b>\$2,776,851</b>	<b>\$3,052,789</b>	<b>\$44,255</b>	<b>(12,886,113)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	6,944,178
Debt Service	1,736,044
Grants and Entitlements not Restricted	4,224,918
Investment Earnings	18,197
Miscellaneous	141,695

*Total General Revenues* 13,065,032

*Change in Net Assets* 178,919

*Net Assets Beginning of Year* 12,658,267

*Net Assets End of Year* \$12,837,186

See accompanying notes to the basic financial statements



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$1,083,357	\$593,711	\$4,962,042	\$218,767	\$6,857,877
Cash and Cash Equivalents in Segregated Accounts	3,367	1,553	0	0	4,920
Accounts Receivable	27,850	645,472	0	1,558	674,880
Interfund Receivable	228,518	0	0	6,128	234,646
Intergovernmental Receivable	16,786	0	6	112,290	129,082
Accrued Interest Receivable	121	0	161	0	282
External Party Receivable	3,829	0	0	0	3,829
Prepaid Items	45,442	8,802	0	5,687	59,931
Inventory Held for Resale	0	0	0	1,098	1,098
Property Taxes Receivable	7,056,063	0	1,787,726	0	8,843,789
<b>Total Assets</b>	<b>\$8,465,333</b>	<b>\$1,249,538</b>	<b>\$6,749,935</b>	<b>\$345,528</b>	<b>\$16,810,334</b>
<b>Liabilities</b>					
Accounts Payable	\$88,879	\$35,640	\$0	\$7,325	\$131,844
Accrued Wages and Benefits	811,100	73,849	0	15,411	900,360
Matured Compensated Absences	64,790	0	0	0	64,790
Interfund Payable	6,128	172,157	0	56,361	234,646
Intergovernmental Payable	221,304	39,515	0	34,754	295,573
Deferred Revenue	6,258,648	395,200	1,581,787	1,420	8,237,055
<b>Total Liabilities</b>	<b>7,450,849</b>	<b>716,361</b>	<b>1,581,787</b>	<b>115,271</b>	<b>9,864,268</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	49,424	28,558	0	20,049	98,031
Reserved for Property Taxes	823,274	0	205,819	0	1,029,093
Unreserved:					
Undesignated, Reported in:					
General Fund	141,786	0	0	0	141,786
Special Revenue Funds	0	504,619	0	203,383	708,002
Debt Service Fund	0	0	4,962,329	0	4,962,329
Capital Projects Funds	0	0	0	6,825	6,825
<b>Total Fund Balances</b>	<b>1,014,484</b>	<b>533,177</b>	<b>5,168,148</b>	<b>230,257</b>	<b>6,946,066</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,465,333</b>	<b>\$1,249,538</b>	<b>\$6,749,935</b>	<b>\$345,528</b>	<b>\$16,810,334</b>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

<b>Total Governmental Fund Balances</b>	<b>\$6,946,066</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because of the following:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,067,461
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:	
Property Taxes Receivable	528,823
Tuition and Fees	421,541
Intergovernmental Receivable	<u>1,420</u>
	951,784
Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements.	369,333
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(171,302)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Long-Term Loans Payable	(300,001)
Long-Term Notes and Loans Payable	(3,400,000)
General Obligation Bonds	(9,855,000)
General Obligation Bond Premium	(163,063)
Refunding Bonds Payable	(17,954,991)
Bond Premium on Refunding Bonds	(2,381,955)
Accounting Gain on Refunding	1,782,333
Accrued Interest Payable	(148,058)
Capital Leases Payable	(10,450)
Compensated Absences	<u>(894,971)</u>
	<u>(33,326,156)</u>
 Net Assets of Governmental Activities	 <u><u>\$12,837,186</u></u>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$6,890,084	\$0	\$1,722,521	\$0	\$8,612,605
Intergovernmental	5,780,874	325,098	221,960	927,220	7,255,152
Interest	18,197	0	1,113	44,255	63,565
Tuition and Fees	243,492	1,765,235	0	81,537	2,090,264
Extracurricular Activities	0	0	0	21,264	21,264
Rentals	7,079	0	0	0	7,079
Charges for Services	0	0	0	236,703	236,703
Contributions and Donations	0	15,486	0	4,536	20,022
Miscellaneous	141,695	0	0	0	141,695
<b>Total Revenues</b>	<b>13,081,421</b>	<b>2,105,819</b>	<b>1,945,594</b>	<b>1,315,515</b>	<b>18,448,349</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	104,745	0	0	85,264	190,009
Special	511,748	0	0	0	511,748
Vocational	6,639,455	0	0	92,518	6,731,973
Adult/Continuing	1,072	1,960,438	0	251,942	2,213,452
Support Services:					
Pupils	427,294	0	0	308,246	735,540
Instructional Staff	700,218	193,779	0	88,660	982,657
Board of Education	27,322	0	0	0	27,322
Administration	1,009,090	0	0	5,908	1,014,998
Fiscal	319,357	0	0	0	319,357
Business	415,773	0	29,411	5,000	450,184
Operation and Maintenance of Plant	1,577,505	0	0	0	1,577,505
Pupil Transportation	16,658	0	0	0	16,658
Central	857,467	0	0	778,074	1,635,541
Operation of Non-Instructional Services:					
Food Service Operations	19,609	0	0	261,560	281,169
Other Non-Instructional Services	0	800	0	369	1,169
Extracurricular Activities	65,108	0	0	11,459	76,567
Capital Outlay	0	0	0	9,450	9,450
Debt Service:					
Principal Retirement	34,279	0	710,000	0	744,279
Interest and Fiscal Charges	440	0	823,828	0	824,268
Issuance Costs	0	0	348,679	20,654	369,333
<b>Total Expenditures</b>	<b>12,727,140</b>	<b>2,155,017</b>	<b>1,911,918</b>	<b>1,919,104</b>	<b>18,713,179</b>
Excess of Revenues Over (Under) Expenditures:	354,281	(49,198)	33,676	(603,589)	(264,830)
<b>Other Financing Sources (Uses)</b>					
General Obligation Bonds Issued	0	0	3,683,089	661,911	4,345,000
Refunding Bonds Issued	0	0	17,954,991	0	17,954,991
Premium on General Obligation Bonds	0	0	40,529	8,742	49,271
Premium on Refunding Bonds	0	0	2,381,955	0	2,381,955
Payment to refunded bond escrow agent	0	0	(20,097,673)	0	(20,097,673)
Current refunding bond anticipation bonds issued	0	0	3,400,000	0	3,400,000
Current refunding of bond anticipation note	0	0	(3,300,000)	0	(3,300,000)
Inception of a Capital Lease	11,396	0	0	0	11,396
Transfers In	0	0	0	6,980	6,980
Transfers Out	(6,980)	0	0	0	(6,980)
<b>Total Other Financing Sources (Uses)</b>	<b>4,416</b>	<b>0</b>	<b>4,062,891</b>	<b>677,633</b>	<b>4,744,940</b>
<b>Net Change in Fund Balances</b>	<b>358,697</b>	<b>(49,198)</b>	<b>4,096,567</b>	<b>74,044</b>	<b>4,480,110</b>
Fund Balances Beginning of Year, restated note 3	655,787	582,375	1,071,581	156,213	2,465,956
<b>Fund Balances End of Year</b>	<b>\$1,014,484</b>	<b>\$533,177</b>	<b>\$5,168,148</b>	<b>\$230,257</b>	<b>\$6,946,066</b>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds		\$4,480,110
<b>Amounts reported for governmental activities in the statement of activities are different because of the following:</b>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
This is the amount by which capital outlay exceeded depreciation in the current year:		
Capital Assets Additions	17,065	
Current Year Depreciation	<u>(1,097,603)</u>	(1,080,538)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property Taxes	67,617	
Intergovernmental	1,420	
Tuition and Fees	<u>421,541</u>	490,578
Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets the lease obligation is reported as a liability.		
		(11,396)
Some expenses reported on the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:		
Vacation Benefits Payable	(18,076)	
Compensated Absences	<u>(160,383)</u>	(178,459)
Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities:		
Long-Term Notes Issued	(3,400,000)	
Refunding Bonds Issued	(17,954,991)	
General Obligation Bonds Issued	(4,345,000)	
Premium on Refunding Bonds Issued	(2,381,955)	
Premium on General Obligation Bonds Issued	<u>(49,271)</u>	(28,131,217)
Payment to refunded bond escrow agent is an other financing use in governmental funds, but the payment reduces long-term liabilities on the statement of net assets:		
		20,097,673
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums, discounts, and and issuance costs are reported on the statement of activities:		
Premium Amortization	33,866	
Accrued Interest Payable	<u>64,690</u>	98,556
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General Obligation Bonds	710,000	
Long-Term Notes	3,300,000	
Long-Term Loans	33,333	
Capital Leases	<u>946</u>	4,044,279
Issuance costs are reported as an expenditure when paid in the governmental funds, but are deferred on the statement of activities.		
		<u>369,333</u>
Change in Net Assets of Governmental Activities		<u><u>\$178,919</u></u>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$6,903,312	\$6,681,660	\$6,680,253	(\$1,407)
Intergovernmental	1,106,777	5,777,845	5,780,071	2,226
Interest	0	15,000	18,065	3,065
Tuition and Fees	0	211,227	227,550	16,323
Rent	0	7,079	7,079	0
Miscellaneous	0	73,792	141,695	67,903
<i>Total Revenues</i>	<u>8,010,089</u>	<u>12,766,603</u>	<u>12,854,713</u>	<u>88,110</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	140,138	103,034	102,886	148
Special	531,943	506,301	505,400	901
Vocational	6,585,847	6,511,909	6,481,837	30,072
Adult/Continuing	950	1,061	1,048	13
Support Services:				
Pupils	435,814	436,863	428,378	8,485
Instructional Staff	739,297	716,801	711,151	5,650
Board of Education	26,304	27,182	26,346	836
Administration	1,459,002	1,039,755	1,031,955	7,800
Fiscal	350,443	364,117	358,418	5,699
Business	485,803	516,491	463,354	53,137
Operation and Maintenance of Plant	1,935,862	1,653,259	1,632,268	20,991
Pupil Transportation	18,764	17,397	16,796	601
Central	932,288	905,820	877,224	28,596
Non-Instructional Services	30,017	21,187	21,187	0
Extracurricular Activities	64,652	67,538	64,490	3,048
Debt Service:				
Principal Retirement	33,333	33,333	33,333	0
<i>Total Expenditures</i>	<u>13,770,457</u>	<u>12,922,048</u>	<u>12,756,071</u>	<u>165,977</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,760,368)</u>	<u>(155,445)</u>	<u>98,642</u>	<u>254,087</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(100,000)	(100,000)	(6,980)	93,020
Advances In	0	85,439	80,505	(4,934)
Advances Out	(100,000)	(100,000)	(11,536)	88,464
<i>Total Other Financing Sources (Uses)</i>	<u>(200,000)</u>	<u>(114,561)</u>	<u>61,989</u>	<u>176,550</u>
<i>Net Change in Fund Balance</i>	<u>(5,960,368)</u>	<u>(270,006)</u>	<u>160,631</u>	<u>430,637</u>
<i>Fund Balance Beginning of Year</i>	471,434	471,434	471,434	0
Prior Year Encumbrances Appropriated	392,989	392,989	392,989	0
<i>Fund Balance End of Year</i>	<u>(\$5,095,945)</u>	<u>\$594,417</u>	<u>\$1,025,054</u>	<u>\$430,637</u>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
ADULT EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$371,102	\$325,098	(\$46,004)
Tuition and Fees	0	1,965,689	2,165,510	199,821
Contributions and Donations	0	23,332	15,486	(7,846)
<i>Total Revenues</i>	<u>0</u>	<u>2,360,123</u>	<u>2,506,094</u>	<u>145,971</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing	1,785,166	1,994,418	1,920,382	74,036
Support Services:				
Instructional Staff	203,891	203,891	193,148	10,743
Non-Instructional Services	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,989,057</u>	<u>2,199,309</u>	<u>2,114,530</u>	<u>84,779</u>
<i>Net Change in Fund Balance</i>	(1,989,057)	160,814	391,564	230,750
<i>Fund Balance Beginning of Year</i>	136,765	136,765	136,765	0
Prior Year Encumbrances Appropriated	<u>12,155</u>	<u>12,155</u>	<u>12,155</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$1,840,137)</u>	<u>\$309,734</u>	<u>\$540,484</u>	<u>\$230,750</u>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010**

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$48,273	\$1,804,415
Accounts Receivable	42	0
<i>Total Assets</i>	<u>48,315</u>	<u>\$1,804,415</u>
<b>Liabilities</b>		
Due to Students	0	\$63,060
External Party Payable	0	3,829
Undistributed Monies	0	1,737,526
<i>Total Liabilities</i>	<u>0</u>	<u>\$1,804,415</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>48,315</u>	
<i>Total Net Assets</i>	<u>\$48,315</u>	

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Scholarship</u>
<b>Additions</b>	
Interest	\$277
Contributions and Donations	<u>3,806</u>
<i>Total Additions</i>	4,083
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>13,974</u>
<i>Change in Net Assets</i>	(9,891)
<i>Net Assets Beginning of Year</i>	<u>58,206</u>
<i>Net Assets End of Year</i>	<u><u>\$48,315</u></u>

See accompanying notes to the basic financial statements



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010**

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

Career and Technology Education Centers of Licking County (C-TEC) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. C-TEC has ten participating districts spread throughout Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties, which include two city school districts, seven local school districts and one exempted village school district.

C-TEC operates under a seven-member Board of Education and is responsible for the provision of public education to residents of C-TEC. The Board of Education of C-TEC is not directly elected. The Board is made up from members of the elected boards of the participating school districts and the Licking County Educational Service Center. C-TEC is staffed by 9 administrators, 43 non-certificated employees, and 251 certificated full and part-time teaching personnel who provide services to 1,635 students and other community members. C-TEC currently operates 4 buildings.

***Reporting Entity***

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

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

C-TEC is associated with three jointly governed organizations and an insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, the Educational Regional Service System Region 11, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, which are presented in Notes 18 and 19 to the basic financial statements.

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

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

***A. Basis of Presentation***

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

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

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

***B. Fund Accounting***

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***B. Fund Accounting (Continued)***

**Governmental Funds** Governmental funds are those through which most governmental functions of C-TEC are financed. Governmental funds focus 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 General Fund, Adult Education Special Revenue Fund, and the Bond Retirement Debt Service Fund are the major funds of C-TEC. The following is a description of these funds:

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

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

**Bond Retirement Fund** This fund is used to account for financial resources accumulated for the payment of general long-term debt principal, interest and related costs.

The other governmental funds of C-TEC account for grants and other resources of C-TEC whose use is restricted to a particular purpose.

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

***C. Measurement Focus***

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of C-TEC are included on the statement of net 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 balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Basis of Accounting***

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

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

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

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

***Deferred 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, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also 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 the governmental funds.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

During the fiscal year 2010, C-TEC's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio) and nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are reported at cost. 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. 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 investments could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$18,197 which includes \$11,652 assigned from other funds of C-TEC.

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

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

***H. Capital Assets***

All capital assets of the Center are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. C-TEC's capitalization threshold is five thousand dollars. C-TEC does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***H. Capital Assets (Continued)***

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-30 years
Buildings and Improvements	20-40 years
Furniture and Fixtures	5-20 years
Vehicles	8 years

***I. Interfund Balances***

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

***J. Compensated Absences***

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

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees C-TEC has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in C-TEC's termination policy. C-TEC records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least ten years of service with C-TEC.

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

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

***K. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. See Note 17 for additional information regarding set asides.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

***M. Internal Activity***

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

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

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

***N. Fund Balance Reserves***

C-TEC 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 balance reserves have been established for encumbrances and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under 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 the enabling legislation adopted through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Net assets restricted for other purposes include resources restricted for extracurricular programs and state and federal grants restricted to expenditures for specified purposes.

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

***Q. Estimates***

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

***R. Budgetary Process***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget is required under the Ohio Revised Code; however this requirement is waived by the Licking County Budget Commission (Budget Commission). The Budget Commission accepts C-TEC's five year forecast in place of the tax budget. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

***S. Unamortized Issuance Costs/ Bond Premium and Discount***

In the government-wide financial statements bond issuance costs, bond premiums, and bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

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



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 3 –PRIOR PERIOD ADJUSTMENTS AND CHANGES IN ACCOUNTING PRINCIPLES**

**A. Prior Period Adjustments**

In prior years, the Uniform School Supplies Fund was reflected as a special revenue fund. In fiscal year 2010, this fund was combined with the General Fund. The adjustment had the following effect on fund balance as previously reported at June 30, 2009.

	General Fund	All Other Governmenta Funds
Fund Balance as Previously Reported	\$657,592	\$154,408
Fund Balance Reclassification:		
Uniform School Supplies Fund	(1,805)	1,805
Fund Balance Restated, July 1, 2009	\$655,787	\$156,213

**B. Changes in Accounting Principles**

For fiscal year 2010, C-TEC has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to C-TEC's financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in C-TEC's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in C-TEC's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in C-TEC's financial statements.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 4 – ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The following fund had a deficit fund balance as of June 30, 2010:

<u>Special Revenue Fund:</u>	<u>Deficit Fund Balance</u>
Adult Basic Education Fund	(\$376)

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

**B. Compliance**

The following funds had original appropriations in excess of estimated resources contrary to Section 5705.39, Revised Code:

	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$8,481,523	\$13,577,468	(\$5,095,945)
Adult Education Special Revenue Fund	136,765	1,976,902	(1,840,137)

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

Net Change in Fund Balances		
	General	Adult Education
GAAP Basis	\$358,697	(\$49,198)
Net Adjustment for Revenue Accruals	(291,741)	401,828
Net Adjustment for Expenditure Accruals	106,150	102,516
Beginning of Fiscal Year:		
Cash With Fiscal Agent	68,400	0
End of Fiscal Year:		
Segregated Accounts	(3,367)	(1,553)
Prepaid Items	(45,442)	(8,802)
Advances In	80,505	0
Advances Out	(11,536)	0
Adjustment for Encumbrances	(101,035)	(53,227)
Budget Basis	\$160,631	\$391,564

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, C-TEC will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, all of C-TEC's bank balance of \$8,099,406 was covered by FDIC.

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

**Investments** As of June 30, 2010, C-TEC had the following investments.

	Fair Value	Average Maturity	Rating
STAROhio	\$967,479	56 Days	AAAm

Interest Rate Risk

C-TEC's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of C-TEC, and that an investment must be purchased with the expectation that it will be held to maturity.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

Credit Risk

STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. C-TEC has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with C-TEC or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged 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.

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in C-TEC. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

C-TEC receives property taxes from Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties. The County Auditor from each county periodically advances to C-TEC its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010 are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 7 - PROPERTY TAXES (Continued)**

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010, 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 and the late personal property tax settlement were levied to finance current fiscal year operations and are 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.

The amount available as an advance at June 30, 2010, was \$1,029,093, \$823,274 was available to the General Fund and \$205,819 was available to the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2009, was \$767,406, \$613,925 was available to the General Fund and \$153,481 was available to the Bond Retirement Debt Service Fund.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$3,636,108,720	96.62%	\$3,685,348,800	96.52%
Public Utility Personal	119,142,550	3.17%	125,385,370	3.28%
General Business Personal	7,955,100	0.21%	7,628,090	0.20%
	<u>\$3,763,206,370</u>	<u>100.00%</u>	<u>\$3,818,362,260</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.50		\$2.50	

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2010 consisted of property taxes, accounts (billings for user charged services, tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$528,823 as of June 30, 2010.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 8 – RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities</b>	
Mid-East Career and Technology Shared Cost	\$15,983
City of Newark Payroll Tax Distribution	781
Muskingum County Homestead/ Rollback	28
Ohio Department of Education Food Service Reimbursement	909
Pre-SOAR Program Grant	11,536
ABLE Instructional Grant	6,781
EL/ Civics Grant	2,864
Post Secondary Vocational Education Grant	83,835
Title II-A	6,116
Drug Free Schools Grant	249
	\$129,082
Total	

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>Nondepreciable Capital Assets</b>				
Land	\$107,951	\$0	\$0	\$107,951
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	39,333,169	0	0	39,333,169
Furniture and Equipment	3,360,464	17,065	0	3,377,529
Vehicles	596,776	0	0	596,776
Total at Historical Cost	43,290,409	17,065	0	43,307,474
Less Accumulated Depreciation				
Buildings and Improvements	(2,631,974)	(890,914)	0	(3,522,888)
Furniture and Equipment	(1,156,095)	(194,300)	0	(1,350,395)
Vehicles	(462,292)	(12,389)	0	(474,681)
Total Accumulated Depreciation	(4,250,361)	(1,097,603)	0	(5,347,964)
Depreciable Capital Assets, Net of Accumulated Depreciation	39,040,048	(1,080,538)	0	37,959,510
Governmental Activities Capital Assets, Net	\$39,147,999	(\$1,080,538)	\$0	\$38,067,461

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 9 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$142,060
Vocational	438,827
Adult/ Continuing Education	127,226
Support Services:	
Pupil	573
Instructional Staff	208,993
Board of Education	4,641
Administration	3,892
Fiscal	10,310
Business	126,147
Operation and Maintenance of Plant	19,975
Pupil Transportation	7,204
Central	7,755
Total Depreciation Expense	<u><u>\$ 1,097,603</u></u>

**NOTE 10 - RISK MANAGEMENT**

C-TEC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2010, C-TEC contracted with Fitzgibbons Arnold and Company for property, fleet, and liability insurance. Coverages provided are as follows:

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

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



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 10 - RISK MANAGEMENT (Continued)**

For fiscal year 2010, C-TEC participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for C-TEC 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. Managed Care Organization provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

Plan Description – C-TEC contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and C-TEC is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of C-TEC's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 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. C-TEC's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$202,292, \$379,480, and \$392,470, respectively; 95 percent has been contributed for fiscal year 2010 and 100 percent for the fiscal years 2009 and 2008.

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

Plan Description – C-TEC participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

***B. State Teachers Retirement System (Continued)***

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, 2010, plan members were required to contribute 10 percent of their annual covered salaries. C-TEC was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, 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.

C-TEC's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2010, 2009, and 2008 were \$965,323, \$980,917, and \$975,440 respectively; 88 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$36,186 made by C-TEC and \$25,847 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, there was one member of the Board of Education that elected Social Security. The contribution rate is 6.2 percent of wages.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

Plan Description – C-TEC participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which 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 2010, .46 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 2010, 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.

C-TEC's contributions for health care, including the surcharge, for the fiscal years ended June 30, 2010, 2009, and 2008 were \$29,360, \$75,455, and \$75,034 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The C-TEC's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$8,425, \$4,049, and \$3,693 respectively; 93 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. C-TEC's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$77,039, \$182,735, and \$167,059 respectively; 88 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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**NOTE 13 - EMPLOYEE BENEFITS**

***A. Compensated Absences***

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

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

***B. Insurance Benefits***

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 14 – LONG-TERM OBLIGATIONS**

The change in C-TEC's long-term obligations during fiscal year 2010 are as follows:

	Principal Outstanding 6/30/2009	Additions	Deductions	Principal Outstanding 6/30/2010	Due in One Year
Construction and Equipment Long-Term Loan 0%	\$333,334	\$0	\$33,333	\$300,001	\$33,334
School Facilities Bond Anticipation Note - 2008 Series 3.0%	3,300,000	0	3,300,000	0	0
School Facilities Bond Anticipation Note - 2009 Series 1.6%	0	3,400,000	0	3,400,000	0
School Facilities Improvement General Obligation Bonds 2002 Serial Bonds 3.4%-5.375%	24,175,000	0	18,665,000	5,510,000	790,000
Bond Premium	507,998	0	394,206	113,792	0
School Facilities Improvement Refunding Bonds 2010 Current Interest Serial Bonds 2.0%-4.0%	0	17,645,000	0	17,645,000	530,000
Capital Appreciation Bonds 2.38%-2.858%	0	309,991	0	309,991	0
Capital Appreciation Bond Accretion	0	0	0	0	0
Bond Premium on Current Interest Serial Bonds	0	726,214	0	726,214	0
Bond Premium on Capital Appreciation Bonds	0	1,655,741	0	1,655,741	0
Deferred Amount on Refunding	0	(1,782,333)	0	(1,782,333)	0
Various Purpose Bonds 2010B Series Facilities Bonds Serial Bonds - 2.0%-4.0%	0	1,350,000	0	1,350,000	0
Term Bonds - 4.0%-4.125%	0	2,305,000	0	2,305,000	0
Bond Premium	0	40,529	0	40,529	0
Judgement Bonds Serial Bonds - 2.0%-4.0%	0	275,000	0	275,000	0
Term Bonds - 4.0%-4.125%	0	415,000	0	415,000	0
Bond Premium	0	8,742	0	8,742	0
<b>Total Long-Term Bonds</b>	<b>28,316,332</b>	<b>26,348,884</b>	<b>22,392,539</b>	<b>32,272,677</b>	<b>1,353,334</b>
Capital Leases	0	11,396	946	10,450	2,009
Compensated Absences Payable	734,588	303,905	143,522	894,971	104,430
<b>Total General Long-Term Obligations</b>	<b>\$29,050,920</b>	<b>\$26,664,185</b>	<b>\$22,537,007</b>	<b>\$33,178,098</b>	<b>\$1,459,773</b>

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 14 – LONG-TERM OBLIGATIONS (Continued)**

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

Principal and interest requirements to retire the Construction and Equipment Long-Term Loan outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal
2011	\$33,334
2012	33,333
2013	33,334
2014	33,333
2015	33,334
2016-2019	133,333
Total	<u>\$300,001</u>

*School Facilities Bond Anticipation Notes* – On September 9, 2008, C-TEC issued bond anticipation notes in the amount of \$3,300,000 which matured on September 8, 2009. On September 3, 2009, C-TEC reissued a \$3,400,000 bond anticipation note which matures on September 2, 2010. This new note was used to retire the \$3,300,000 note and interest which matured on September 8, 2009. The original note was issued for the purpose of constructing additions to and renovating and improving existing buildings and facilities, including health and safety upgrades and improving access for the disabled. The \$3,400,000 bond anticipation notes issued on September 3, 2009 for \$3,400,000 is scheduled to mature on September 2, 2010. On June 7, 2010, C-TEC issued \$3,655,000 in facilities bonds used to retire the \$3,400,000 in bond anticipation notes.

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 14 – LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire the remaining bonds of the 2002 School Facilities Improvement General Obligation Bonds outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2011	\$790,000	\$236,948
2012	880,000	205,590
2013	1,000,000	161,775
2014	0	134,900
2015	0	134,900
2016-2020	0	674,500
2021-2024	2,840,000	472,150
Total	\$5,510,000	\$2,020,763

*2010 School Facilities Improvement Refunding Bonds* – C-Tec had previously issued 2002 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2010 School Facilities Improvement Refunding Bonds. At the date of refunding, \$20,097,673 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2002 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from C-TEC’s financial statements. As of June 30, 2010, \$19,635,753 remained in the escrow account to retire the refunded 2002 School Facilities Improvement General Obligation Bonds outstanding balance in the amount of \$17,955,000.

On May 20, 2010, C-TEC issued \$17,954,991 of School Facilities Improvement Refunding Bonds that were issued to partially refund the 2002 School Facilities Improvement General Obligation Bonds. The bonds were issued for a thirteen year period with a final maturity at December 1, 2022. The \$17,954,991 bond issue consists of current interest serial bonds of \$17,645,000 and \$309,991 in capital appreciation bonds. The \$17,954,991 School Facilities Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$726,214 for the current interest serial bonds and \$1,655,741 for the capital appreciation bonds. Issuance costs in the amount of \$239,273 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. Due to the refunding bonds being issued in late May, no issuance costs or premiums were amortized during fiscal year 2010. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$1,782,333. This difference is being reported in the accompanying financial statements as a decrease to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$585,072. The issuance resulted in a total economic gain of \$497,653.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 14 – LONG-TERM OBLIGATIONS (Continued)**

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

Fiscal Year Ending June 30,	Current Interest Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/ Accretion
2011	\$530,000	\$671,491	\$0	\$0	\$530,000	\$671,491
2012	235,000	643,775	0	0	235,000	643,775
2013	240,000	639,025	0	0	240,000	639,025
2014	1,340,000	616,525	0	0	1,340,000	616,525
2015	0	596,425	229,056	1,220,944	229,056	1,817,369
2016-2020	8,075,000	2,352,838	80,935	689,065	8,155,935	3,041,903
2021-2023	7,225,000	448,300	0	0	7,225,000	448,300
Total	<u>\$17,645,000</u>	<u>\$5,968,379</u>	<u>\$309,991</u>	<u>\$1,910,009</u>	<u>\$17,954,991</u>	<u>\$7,878,388</u>

*2010 Various Purpose Bonds* - On June 7, 2010, C-TEC issued \$4,345,000 in Various Purpose Bonds. A portion of the various purpose bonds in the amount of \$3,655,000 in facilities bonds were issued for the purpose of retiring the \$3,400,000 in bond anticipation notes. The bond anticipation notes were issued for the purpose of constructing additions to and renovating and improving existing buildings and facilities, including health and safety upgrades and improving access for the disabled which mature on September 2, 2010. The proceeds from the sale of these bonds were recorded in the Bond Retirement Debt Service Fund. As of June 30, 2010, the \$3,655,000 in facilities bonds proceeds remained unspent in the Bond Retirement Debt Service Fund. Of the \$3,655,000 facilities bond issuance, \$1,350,000 was serial bonds and \$2,305,000 was term bonds. The \$3,655,000 facilities bonds were issued at a premium of \$40,529. Issuance costs related to the facilities bonds were \$109,406. Due to the bonds being issued in early June, no premium or issuance costs were amortized during fiscal year 2010. There was no amortization of premium or issuance costs for fiscal year 2010. The second portion of the various purpose bonds were for \$690,000 in judgment bonds issued for the purpose of paying a \$500,000 judgment settlement to Claggett and Sons, Inc. and the associated legal fees. \$661,911 of the proceeds from the sale of these bonds were recorded in the Building Capital Projects Fund and \$23,089 were deposited in the Bond Retirement Debt Service Fund for a total of \$690,000. Of the \$690,000 judgment bond issuance, \$275,000 were serial bonds and \$415,000 were term bonds. The \$690,000 in judgment bonds were issued at a premium in the amount of \$8,742. Issuance costs associated with the issuance of the judgment bonds were \$20,654. Due to the bonds being issued in early June, no premium or issuance costs were amortized during fiscal year 2010.

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

Year	Principal Amount to be Redeemed
2021	\$225,000

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



**CAREER AND TECHNOLOGY EDUCATION CENTERS  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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**NOTE 14 – LONG-TERM OBLIGATIONS (Continued)**

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

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

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

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

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

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

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

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

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

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2029	\$315,000

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 14 – LONG-TERM OBLIGATIONS (Continued)**

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

Fiscal Year Ending June 30,	Facilities Bonds		Judgment Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$0	\$133,948	\$0	\$24,896	\$0	\$158,844
2012	15,000	136,068	10,000	25,218	25,000	161,286
2013	15,000	135,769	10,000	25,018	25,000	160,787
2014	150,000	134,118	30,000	24,618	180,000	158,736
2015	140,000	130,869	30,000	23,943	170,000	154,812
2016-2020	845,000	579,419	160,000	105,482	1,005,000	684,901
2021-2025	990,000	405,144	190,000	72,070	1,180,000	477,214
2026-2030	1,230,000	184,379	235,000	29,539	1,465,000	213,918
2031	270,000	5,569	25,000	516	295,000	6,085
Total	<u>\$3,655,000</u>	<u>\$1,845,283</u>	<u>\$690,000</u>	<u>\$331,300</u>	<u>\$4,345,000</u>	<u>\$2,176,583</u>

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

C-TEC's overall legal debt margin was \$316,843,556 with an unvoted debt margin of \$3,815,458 at June 30, 2010.

**NOTE 15 – CAPITAL LEASE**

During fiscal year 2010, C-TEC entered into a capitalized lease for a mailing machine. The lease meets 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 are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The agreements provide for minimum annual rental payments as follows:

Year	Principal	Interest	Total
2011	\$2,009	\$763	\$2,772
2012	2,176	597	2,773
2013	2,357	416	2,773
2014	2,553	220	2,773
2015	1,355	32	1,387
Total	<u>\$10,450</u>	<u>\$2,028</u>	<u>\$12,478</u>

The lease was originally capitalized in the amount of \$11,396. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2010 totaled \$946 in the governmental funds.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 15 – CAPITAL LEASE (Continued)**

Property under Capital Lease	\$11,396
Less: Accumulated Depreciation	<u>(1,140)</u>
Total June 30, 2010	<u><u>\$10,256</u></u>

**NOTE 16 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2010, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Funds:		
General Fund	\$228,518	\$6,128
Adult Education Special Revenue Fund	<u>0</u>	<u>172,157</u>
Total Major Funds	<u>228,518</u>	<u>178,285</u>
Other Nonmajor Governmental Funds:		
Building Fund	5,940	0
Other Grant	0	11,536
District Managed Activities	0	1,020
ABLE Adult Basic Education	0	4,414
Carl Perkins Vocational Education	188	34,380
Drug Free Grant	0	249
Title II-A	<u>0</u>	<u>4,762</u>
Total Other Nonmajor Governmental Funds	<u>6,128</u>	<u>56,361</u>
Total All Funds	<u><u>\$234,646</u></u>	<u><u>\$234,646</u></u>

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

C-TEC transferred \$6,980 from the General Fund to the Rotary Special Revenue Fund for the purpose of supplementing the food service department within the Rotary Special Revenue Fund.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**NOTE 17 - STATUTORY SET-ASIDES**

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

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

	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2009	\$0	\$0
Current Year Set-Aside Requirement	137,467	137,467
Current Year Qualifying Disbursements	(277,563)	(423,982)
Excess Qualified Expenditures from Prior Years	(3,006,784)	0
Total	(\$3,146,880)	(\$286,515)
Balance Carried Forward to Future Fiscal Years	(\$3,146,880)	\$0
Cash Balances to Carry Forward to Future Fiscal Years	\$0	\$0

C-TEC had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amounts in the textbooks set asides may be used to reduce the set-aside requirements in future fiscal years

**NOTE 18 - JOINTLY GOVERNED ORGANIZATION**

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

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

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. C-TEC's total payments to LACA for fiscal year 2010 were \$101,129. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 18 - JOINTLY GOVERNED ORGANIZATION (Continued)**

***B. Metropolitan Educational Council***

C-TEC participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 135 members which includes Educational Service Centers, 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 Educational Service Center participates in the insurance purchasing pool. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating Educational Service Center in Franklin County (18 Educational Service Centers) and one representative from each county.

Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. C-TEC payments to MEC for fiscal year 2010 were \$312 for membership. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 CityGate Drive, Columbus, OH 43219.

***C. Educational Regional Service System Region 11***

C-TEC participates in the State Support Team Region 11 (SSTR11) a jointly governed organization operated by a Regional Advisory Council that is composed of entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of SSTR11 is to provide professional development and technical assistance services to school districts, community schools, career centers, educational service centers, information technology centers, board of developmental disabilities, chartered nonpublic schools, and colleges and universities within the region by supporting State and district initiatives. The SSTR11 is governed by an advisory council, which is the advisory body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops recommendations to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SSTR11, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the State Support Team – Region 11, 2080 CityGate Drive, Columbus, Ohio 43219. C-TEC made no payments to SSTR11 during fiscal year 2010.

**NOTE 19 - INSURANCE PURCHASING POOL**

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

C-TEC participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OASBO. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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**NOTE 20 - CONTINGENCIES**

***A. Grants***

C-TEC received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of C-TEC at June 30, 2010.

***B. Litigation***

C-TEC is currently not party to any litigation.

**NOTE 21 – SUBSEQUENT EVENTS**

On March 25, 2010, C-TEC's Board passed a resolution to implement a Reduction in Force. The employees affected continued to work the remainder of their contract for fiscal year 2010. The cost savings of the Reduction in Force will be realized in fiscal year 2011 when contracts are not renewed or continued and not paid.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$ 2,906	\$ 2,906
Cash Assistance:			
National School Breakfast Program	10.553	10,124	10,124
National School Lunch Program	10.555	88,413	88,413
Total Child Nutrition Cluster		<u>101,443</u>	<u>101,443</u>
Total U.S. Department of Agriculture		<u><b>101,443</b></u>	<u><b>101,443</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Federal Pell Grant Program	84.063	431,715	435,454
<i>Passed Through Ohio Department of Education:</i>			
Adult Education-State Grant Program	84.002	141,405	136,462
Vocational Education- Basic Grants to States	84.048	415,634	434,519
Safe and Drug Free Schools and Communities - State Grants	84.186	2,401	2,651
State Grants for Innovative Programs	84.298	(40)	-
Improving Teacher Quality - State Grants	84.367	686	6,266
Data Driven Decisions for Academic Achievement	84.010	40,296	40,296
Total U.S. Department of Education		<u><b>1,032,097</b></u>	<u><b>1,055,648</b></u>
<b>Total Federal Receipts and Expenditures</b>		<u><b>\$ 1,133,540</b></u>	<u><b>\$ 1,157,091</b></u>

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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





# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Career and Technology Education Centers, Licking County, Ohio, (the Center) as of and for the year ended June 30, 2010, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 4, 2011. 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 Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated February 4, 2011.

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Center's response and, accordingly, we express no opinion on it.

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



**Dave Yost**  
Auditor of State

February 4, 2011



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of the Career and Technology Education Centers, Licking County, Ohio, (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Center's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal programs. The Center'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 Center'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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 Center'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 Center's compliance with those requirements.

In our opinion, the Career and Technology Education Centers complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The Center'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 Center's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Career and Technology Education Centers  
Licking County  
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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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 noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Center's management in a separate letter dated February 4, 2011.

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



**Dave Yost**  
Auditor of State

February 4, 2011

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Vocational Education – Basic Grants to States – CFDA #84.048 Federal Pell Grant Program – CFDA #84.063
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2009-001**

**Certification of available revenue – Noncompliance**

Ohio Rev. Code 5705.36(A) states in part, that on or about the first day of each year the Treasurer shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget. The amount certified shall include any unencumbered balances that existed at the end of the preceding year. Additionally, Ohio Rev. Code 5705.39 provides in part that the total appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the budget commission.

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010  
(Continued)**

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

**FINDING NUMBER 2009-001 (Continued)**

**Certification of available revenue – Noncompliance (Continued)**

There was no evidence presented to indicate the Center's Treasurer certified the estimated receipts to the County Auditor on or about the first day of the fiscal year as required. Therefore, the Center's appropriations exceeded estimated receipts since no estimated receipts were filed for the beginning of fiscal year 2010. The 2010 certification was not made until December 2010 when the Treasurer filed the 2010 Certificate of Resources with the County Auditor. (Note - Material budgetary noncompliance did not exist at June 30, 2010 as a result of the December 2010 certification to the County Auditor).

Fund	Estimated	Budgetary	
	Resources *	Appropriations	Variance
General	\$ 8,010,089	\$ 13,970,457	\$ (5,960,368)
Bond Retirement	1,881,604	5,796,953	(3,915,349)
Building	-	909	(909)
Special Trust	-	60,558	(60,558)
Uniform School Supplies	-	113,803	(113,803)
Rotary-Special Services	-	375,376	(375,376)
Adult Education	-	1,989,057	(1,989,057)
Public School Support	-	3,500	(3,500)
Other Grants	-	124,908	(124,908)
District Managed Activites	-	10,641	(10,641)
Post Secondary Vocational Education	-	6,040	(6,040)
Management Information System	-	5,000	(5,000)
Data Communication Fund	-	3,000	(3,000)
Schoolnet Professional Development	-	2,430	(2,430)
Vocational Education Enhancement	-	4,000	(4,000)
Adult Basic Education	-	9,046	(9,046)
Vocational Education Carl D Perkins	-	458,580	(458,580)
Title V Innovative Education	-	40	(40)
Drug Free School Grant Fund	-	2,651	(2,651)
Improving Teacher Quality	-	7,681	(7,681)
Miscellaneous Federal Grant Fund	-	4,289	(4,289)

\* Amounts represent estimated tax receipts for the tax budget for 2010 that was filed in February 2009.

To avoid overspending and deficit balances, we recommend the Treasurer certify the total amount from all sources available for expenditures with the County Auditor on or about the first day of the fiscal year with the County Auditor. Appropriations passed by the Board should be based on the certified resources that are available for expenditure.

**Official's Response:** Prior to, and during the transition between Treasurers (July 1, 2009 to November 30, 2009), no Certificate of Estimated Resources was filed with the County Auditor. As soon as this issue was discovered, a Certificate of Estimated Resources was completed and filed with the County Auditor.

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

None

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
Finding 2009-001	Financial Statement Presentation	Yes	

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# Dave Yost • Auditor of State

## CAREER TECHNOLOGY EDUCATION CENTERS

### LICKING COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 17, 2011