MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

Dave Yost • Auditor of State

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2011, 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 Mid-East Career and Technology Centers, Muskingum County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison 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.

As described in Note 3, the Center adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, 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.

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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 (the Schedule) provides additional information required by 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 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

Dave Yost
Auditor of State

February 6, 2012

The discussion and analysis of the Mid-East Career and Technology Centers' financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows**:**

- In total, net assets of governmental activities increased $9,541,573. This represents approximately a twenty-one percent increase from 2010.
- General revenues accounted for $21,114,382 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $7,244,356 or 26 percent of total revenues of $28,358,738.
- Total assets of governmental activities increased by $9,138,955 due mostly to increases in cash and cash equivalents, property taxes receivable, and intergovernmental receivables.
- The Center had $18,817,165 in expenses related to governmental activities; only $7,244,356 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) in the amount of $21,114,382 were adequate enough to provide for these programs.

Using this Basic Financial Statements Report

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

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

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

Reporting the Center as a Whole

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2010-2011 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question.

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

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

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

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

The Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net assets for 2011 compared to 2010.

Table 1
Net Assets

	Governmental Activities		
	2011	2010	Change
Assets			
Current and Other Assets	$80,772,338	$72,589,921	$8,182,417
Capital Assets	6,024,917	5,068,379	956,538
Total Assets	86,797,255	77,658,300	9,138,955
Liabilities			
Long-Term Liabilities	20,187,450	22,189,381	(2,001,931)
Other Liabilities	12,101,821	10,502,508	1,599,313
Total Liabilities	32,289,271	32,691,889	(402,618)
Net Assets			
Invested in Capital Assets, Net of Related Debt	7,683,817	5,482,202	2,201,615
Restricted	30,546,282	25,636,633	4,909,649
Unrestricted	16,277,885	13,847,576	2,430,309
Total Net Assets	$54,507,984	$44,966,411	$9,541,573

Total assets increased by $9,138,955. There are two areas that make up the majority of this increase. Cash and cash equivalents increased by $4,059,448 from the prior year. Property taxes receivable increased by $2,365,924 from the prior year. Both of these increases are due to increased property tax valuations and collections related to a pipeline being constructed within the School District. Intergovernmental receivables increased by $2,391,621 which was largely due to an amendment to a grant from the state in connection with the Classroom Facilities Program.

Total liabilities decreased by $402,618. Long-term liabilities decreased in the amount of $2,001,931 resulting from the School District making required debt service payments. Offsetting this decrease was an increase in deferred revenue. The increase in deferred revenue in the amount of $1,259,177 was due to the increase in property taxes and intergovernmental receivables as previously mentioned.

By comparing assets and liabilities, one can see the overall position of the Center has increased as evidenced by the increase in net assets of $9,541,573. The largest change is in restricted net assets which was the result of the State share of the Classroom Facilities Program that is restricted for the construction of Center facilities.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.

Table 2
Change in Net Assets

	Governmental Activities		
	2011	2010	Change
Revenues			
Program Revenues:			
Charges for Services	$3,197,367	$3,424,798	($227,431)
Operating Grants, Contributions, and Interest	3,572,150	3,418,550	153,600
Capital Grants, Contributions, and Interest	474,839	23,559	451,280
Total Program Revenues	7,244,356	6,866,907	377,449
General Revenues:			
Property Taxes	9,960,412	7,055,450	2,904,962
Payments in Lieu of Taxes	51,364	36,275	15,089
Grants and Entitlements	10,702,315	30,269,471	(19,567,156)
Gifts and Donations	95,900	0	95,900
Investment Earnings and Miscellaneous	304,391	366,131	(61,740)
Total General Revenues	21,114,382	37,727,327	(16,612,945)
Total Revenues	28,358,738	44,594,234	(16,235,496)
Program Expenses			
Instruction:			
Regular	1,866,224	1,972,269	(106,045)
Vocational	6,788,358	6,661,896	126,462
Adult/Continuing	2,873,304	3,037,354	(164,050)
Support Services:			
Pupils	985,215	1,057,825	(72,610)
Instructional Staff	729,073	697,063	32,010
Board of Education	82,570	80,062	2,508
Administration	1,431,754	1,386,365	45,389
Fiscal	724,611	760,188	(35,577)
Business	188,603	228,060	(39,457)
Operation and Maintenance of Plant	1,348,024	1,281,298	66,726
Pupil Transportation	75,085	76,607	(1,522)
Central	508,826	478,656	30,170
Operation of Non-Instructional Services	444,924	362,572	82,352
Extracurricular Activities	101,652	94,108	7,544
Interest	668,942	414,292	254,650
Total Expenses	18,817,165	18,588,615	228,550
Change in Net Assets	9,541,573	26,005,619	(16,464,046)
Net Assets Beginning of Year	44,966,411	19,207,385	25,759,026
Prior Period Adjustment	0	(246,593)	246,593
Restated Net Assets Beginning of Year (See Note 3)	44,966,411	18,960,792	26,005,619
Net Assets End of Year	$54,507,984	$44,966,411	$9,541,573

The Center's net assets increased $9,541,573. The largest fluctuation in Table 2 is evident in the property tax and unrestricted grants and entitlements revenue sources. Property tax revenue increased in the amount of $2,904,962. This increase is the result of the collection of revenue from the construction of a public utility gas line within the Center as previously discussed. Unrestricted grants and entitlements decreased by $19,567,156. This decrease is associated with the receipt of a portion of the outstanding balance of the Classroom Facilities intergovernmental receivable in fiscal year 2011.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00. Property taxes made up 35 percent of revenues for governmental activities in fiscal year 2011. The remaining 65 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from the adult program.

Instructional programs comprise 61 percent of total governmental program expenses. Of the instructional expenses, approximately 59 percent is for vocational instruction, 25 percent is for adult/continuing instruction and 16 percent is for regular instruction.

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

Table 3 - Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Instructional Services:				
Regular	$1,866,224	$1,864,374	$1,972,269	$1,972,269
Vocational	6,788,358	4,568,560	6,661,896	4,235,860
Adult/Continuing	2,873,304	(283,441)	3,037,354	(93,003)
Suport Services:				
Pupils	985,215	804,267	1,057,825	879,848
Instructional Staff	729,073	95,175	697,063	61,729
Board of Education	82,570	82,570	80,062	80,062
Administration	1,431,754	1,390,200	1,386,365	1,386,365
Fiscal	724,611	171,018	760,188	648,573
Business	188,603	188,603	228,060	228,060
Operation and Maintenance of Plant	1,348,024	1,346,282	1,281,298	1,280,638
Pupil Transportation	75,085	75,085	76,607	76,607
Central	508,826	475,569	478,656	455,720
Operation of Non-Instructional Services	444,924	23,953	362,572	580
Extracurricular Activities	101,652	101,652	94,108	94,108
Interest	668,942	668,942	414,292	414,292
Total Expenses	$18,817,165	$11,572,809	$18,588,615	$11,721,708

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

The Center's Major Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues in the amount of $25,435,075 and expenditures in the amount of $21,687,649.

The General Fund's net change in fund balance after other financing sources and uses for the year was an increase in the amount of $1,296,873. This change indicates the amount by which the Center is exceeding in meeting its current obligations for fiscal year 2011. The Adult Education Special Revenue Fund's net change in fund balance was an increase in the amount of $305,668. The increase is the result of this fund being able to more than match its expenditures with fixed revenue streams. The Bond Retirement Debt Service Fund's net change in fund balance was a decrease in the amount of $1,350,056 as a result of the current year debt service requirements being funded in the previous year and part of the beginning fund balance. The Permanent Improvement Levy Capital Projects Fund reflects the largest change in fund balance - an increase of $2,591,838 due to the increase in property tax revenue as a result of increased valuations within the School District. The Local Funded Initiatives Capital Projects Fund's net change in fund balance for the year was a decrease in the amount of $296,074. The activity of this fund is dependent on the status of the construction of building improvements relating to the local issue. The Classroom Facilities Capital Projects Fund's net change in fund balance was a minimal increase in the amount of $1,949 relating to the activity of the Classroom Facilities Program.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the Center did amend its General Fund budget from the original levels, but not significantly. For the General Fund, budgeted revenues exceeded actual results by $150,432. In addition, budgeted expenditures exceeded actual results in the amount of $502,352 due to conservative spending. The reason for these minimal variances is because the Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The General Fund unencumbered ending cash balance totaled $12,546,698, which was $475,205 above the final budgeted amount of $12,071,493.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the Center had $6,024,917 invested in land, construction in progress, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2011 balances compared to 2010.

Table 4
Capital Assets at June 30

	Governmental Activities	
	2011	2010
Land	$333,075	$333,075
Construction in Progress	1,830,319	599,773
Buildings and Improvements	3,236,062	3,488,301
Vehicles	186,815	145,030
Machinery, Equipment, Furniture and Fixtures	438,646	502,200
Totals	$6,024,917	$5,068,379

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

Debt

At June 30, 2011, the Center had $46,496 outstanding for capital leases, $12,228,468 in certificates of participation outstanding, and $7,363,323 in tax anticipation notes outstanding.

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

Economic Factors

During fiscal year 2011, General Fund revenues exceeded General Fund expenditures by $2,259,880, but there were other financing sources and uses that reduced this amount to $1,296,873. However, as the preceding information shows, the Center depends on its property taxpayers. The Center has continued to maintain spending in line with revenues. Careful monitoring of the Center finances must continue if the Center hopes to remain on firm financial footing. The Board of Education and administration of the Center must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Center as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the Center's Financial Management

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

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Mid-East Career and Technology Centers, Ohio
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$21,600,918
Cash and Cash Equivalents in Segregated Accounts	836,216
Investments in Segregated Accounts	20,070,097
Accounts Receivable	75,155
Inventory Held for Resale	12,939
Materials and Supplies Inventory	75,347
Prepaid Items	126,331
Accrued Interest Receivable	41,717
Property Taxes Receivable	12,565,020
Payment in Lieu of Taxes Receivable	48,352
Intergovernmental Receivable	24,949,876
Deferred Charges	370,370
Nondepreciable Capital Assets	2,163,394
Depreciable Capital Assets, Net	3,861,523
Total Assets	86,797,255
Liabilities	
Matured Compensated Absences Payable	123,015
Accounts Payable	30,759
Contracts Payable	209,587
Accrued Wages and Benefits Payable	1,403,610
Intergovernmental Payable	260,022
Accrued Interest Payable	54,805
Deferred Revenue	9,892,615
Vacation Benefits Payable	127,408
Long-Term Liabilities:	
Due Within One Year	1,904,836
Due In More Than One Year	18,282,614
Total Liabilities	32,289,271
Net Assets	
Invested in Capital Assets, Net of Related Debt	7,683,817
Restricted for:	
Capital Projects	28,174,542
Set Asides	45,566
Adult Education	1,420,689
Other Purposes	905,485
Unrestricted	16,277,885
Total Net Assets	$54,507,984

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$1,866,224	$0	$1,850	$0	($1,864,374)
Vocational	6,788,358	302,250	1,917,548	0	(4,568,560)
Adult/Continuing	2,873,304	2,373,971	782,774	0	283,441
Support Services:					
Pupils	985,215	0	180,948	0	(804,267)
Instructional Staff	729,073	278,649	355,249	0	(95,175)
Board of Education	82,570	0	0	0	(82,570)
Administration	1,431,754	0	41,554	0	(1,390,200)
Fiscal	724,611	68,236	10,518	474,839	(171,018)
Business	188,603	0	0	0	(188,603)
Operation and Maintenance of Plant	1,348,024	1,742	0	0	(1,346,282)
Pupil Transportation	75,085	0	0	0	(75,085)
Central	508,826	0	33,257	0	(475,569)
Operation of Non-Instructional Services:					
Food Service Operations	444,627	172,519	244,408	0	(27,700)
Other Non-Instructional Services	297	0	4,044	0	3,747
Extracurricular Activities	101,652	0	0	0	(101,652)
Interest	668,942	0	0	0	(668,942)
Total Governmental Activities	$18,817,165	$3,197,367	$3,572,150	$474,839	(11,572,809)

General Revenues	
Property Taxes Levied for General Purposes	6,005,547
Property Taxes Levied for Building Maintenance	333,443
Property Taxes Levied for Debt Service	1,168,902
Property Taxes Levied for Capital Outlay	2,452,520
Payments in Lieu of Taxes	51,364
Grants and Entitlements not Restricted to Specific Programs	10,702,315
Gifts and Donations not Restricted to Specific Programs	95,900
Investment Earnings	231,262
Miscellaneous	73,129
Total General Revenues	21,114,382
Change in Net Assets	9,541,573
Net Assets Beginning of Year	44,966,411
Net Assets End of Year	$54,507,984

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Balance Sheet
Governmental Funds
June 30, 2011

	General	Adult Education	Bond Retirement	Permanent Improvement Levy	Local Funded Initiatives	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	$12,565,482	$1,466,440	$0	$2,426,112	$0	$334,808	$4,761,108	$21,553,950
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	127,698	708,518	0	836,216
Investments in Segregated Accounts	0	0	0	0	11,678,679	8,391,418	0	20,070,097
Inventory Held for Resale	0	0	0	0	0	0	12,939	12,939
Materials and Supplies Inventory	67,439	0	0	0	0	0	7,908	75,347
Accounts Receivable	35,711	34,494	0	0	1,188	3,762	0	75,155
Intergovernmental Receivable	4,796	66,467	0	0	0	24,630,589	248,024	24,949,876
Accrued Interest Receivable	26,470	2,807	0	4,652	0	0	7,788	41,717
Interfund Receivable	81,160	0	0	0	0	0	0	81,160
Prepaid Items	101,473	15,225	0	0	0	0	9,633	126,331
Restricted Asset - Equity in Pooled Cash and Cash Equivalents	46,968	0	0	0	0	0	0	46,968
Payment In Lieu of Taxes Receivable	33,636	0	0	14,716	0	0	0	48,352
Property Taxes Receivable	7,666,278	0	2,519,995	2,045,304	0	0	333,443	12,565,020
Total Assets	$20,629,413	$1,585,433	$2,519,995	$4,490,784	$11,807,565	$34,069,095	$5,380,843	$80,483,128
Liabilities								
Accounts Payable	$16,087	$5,277	$0	$0	$101	$319	$8,975	$30,759
Contracts Payable	0	0	0	0	57,457	152,130	0	209,587
Accrued Wages and Benefits Payable	1,173,862	101,663	0	0	0	0	128,085	1,403,610
Matured Compensated Absences Payable	123,015	0	0	0	0	0	0	123,015
Intergovernmental Payable	211,584	18,397	0	0	0	0	30,041	260,022
Interfund Payable	0	0	0	0	0	0	81,160	81,160
Deferred Revenue	7,141,561	66,636	2,519,995	1,683,112	0	24,630,589	419,507	36,461,400
Total Liabilities	8,666,109	191,973	2,519,995	1,683,112	57,558	24,783,038	667,768	38,569,553
Fund Balances								
Nonspendable:								
Inventories	67,439	0	0	0	0	0	20,847	88,286
Prepaid Items	101,473	15,225	0	0	0	0	9,633	126,331
Unclaimed Monies	1,402	0	0	0	0	0	0	1,402
Restricted for:								
Budget Stabilization	45,566	0	0	0	0	0	0	45,566
Food Service Operations	0	0	0	0	0	0	70,893	70,893
Adult Education	0	1,378,235	0	0	0	0	0	1,378,235
Classroom Facilities Maintenance	0	0	0	0	0	0	666,886	666,886
State Grant Expenditures	0	0	0	0	0	0	18,650	18,650
Capital Improvements	0	0	0	2,807,672	11,750,007	9,286,057	0	23,843,736
Other Purposes	0	0	0	0	0	0	453	453
Committed to:								
Capital Improvements	0	0	0	0	0	0	3,864,934	3,864,934
Budget Stabilization	128,102	0	0	0	0	0	0	128,102
Severance Payments	317,667	0	0	0	0	0	0	317,667
Other Purposes	0	0	0	0	0	0	76,481	76,481
Assigned to:								
Encumbrances	106,520	0	0	0	0	0	0	106,520
Other Purposes	11,583	0	0	0	0	0	0	11,583
Unassigned (Deficit)	11,183,552	0	0	0	0	0	(15,702)	11,167,850
Total Fund Balances	11,963,304	1,393,460	0	2,807,672	11,750,007	9,286,057	4,713,075	41,913,575
Total Liabilities and Fund Balances	$20,629,413	$1,585,433	$2,519,995	$4,490,784	$11,807,565	$34,069,095	$5,380,843	$80,483,128

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2011

Total Governmental Fund Balances		$41,913,575
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,024,917
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	1,736,681	
Interest	23,810	
Accounts	31,052	
Grants	24,777,242	26,568,785
Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(127,408)
Unamortized issuance costs represents deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		370,370
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(54,805)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(46,496)	
Tax Anticipation Notes	(7,363,323)	
Certificates of Participation	(12,228,468)	
Compensated Absences	(549,163)	(20,187,450)
Net Assets of Governmental Activities		$54,507,984

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Adult Education	Bond Retirement	Permanent Improvement Levy	Local Funded Initiatives	Classroom Facilities	Other Govermental Funds	Total Governmental Funds
Revenues								
Property Taxes	$5,747,148	$0	$1,168,902	$2,214,805	$0	$0	$333,443	$9,464,298
Payment in Lieu of Taxes	50,513	0	0	851	0	0	0	51,364
Intergovernmental	8,837,150	405,990	0	452,772	0	874,521	1,747,466	12,317,899
Interest	130,488	12,585	0	19,412	35,720	21,652	34,246	254,103
Tuition and Fees	158,685	2,720,109	0	0	0	0	0	2,878,794
Rent	1,742	0	0	0	0	0	0	1,742
Gifts and Donations	95,900	0	0	0	0	0	3,339	99,239
Charges for Services	145,955	0	0	0	0	0	172,519	318,474
Miscellaneous	44,212	0	0	0	1,188	3,762	0	49,162
Total Revenues	15,211,793	3,138,684	1,168,902	2,687,840	36,908	899,935	2,291,013	25,435,075
Expenditures								
Current:								
Instruction:								
Regular	1,813,211	0	0	0	0	0	1,890	1,815,101
Vocational	6,137,851	0	0	0	0	0	543,604	6,681,455
Adult/Continuing	6,115	2,472,120	0	0	0	0	400,071	2,878,306
Support Services:								
Pupils	852,575	0	0	0	0	0	180,016	1,032,591
Instructional Staff	131,476	290,196	0	0	0	0	298,953	720,625
Board of Education	78,686	0	0	0	0	0	0	78,686
Administration	1,375,360	0	0	0	0	0	39,814	1,415,174
Fiscal	550,577	70,700	0	96,002	0	0	1	717,280
Business	174,867	0	0	0	0	0	0	174,867
Operation and Maintenance of Plant	1,182,750	0	0	0	0	0	0	1,182,750
Pupil Transportation	57,756	0	0	0	0	0	0	57,756
Central	460,664	0	0	0	0	0	33,314	493,978
Operation of Non-Instructional Services:								
Food Service Operations	0	0	0	0	0	0	432,700	432,700
Other Non-Instructional Services	0	0	0	0	0	0	297	297
Extracurricular Activities	101,652	0	0	0	0	0	0	101,652
Capital Outlay	0	0	0	0	332,982	897,986	126,132	1,357,100
Debt Service:								
Principal Retirement	23,016	0	1,820,000	0	0	0	0	1,843,016
Interest and Fiscal Charges	5,357	0	698,958	0	0	0	0	704,315
Total Expenditures	12,951,913	2,833,016	2,518,958	96,002	332,982	897,986	2,056,792	21,687,649
Excess of Revenues Over (Under) Expenditures	2,259,880	305,668	(1,350,056)	2,591,838	(296,074)	1,949	234,221	3,747,426
Other Financing Source (Use)								
Transfers In	36,993	0	0	0	0	0	1,000,000	1,036,993
Transfers Out	(1,000,000)	0	0	0	0	0	(36,993)	(1,036,993)
Total Other Financing Source (Use)	(963,007)	0	0	0	0	0	963,007	0
Net Change in Fund Balances	1,296,873	305,668	(1,350,056)	2,591,838	(296,074)	1,949	1,197,228	3,747,426
Fund Balances Beginning of Year - Restated (See Note 3)	10,666,431	1,087,792	1,350,056	215,834	12,046,081	9,284,108	3,515,847	38,166,149
Fund Balances End of Year	$11,963,304	$1,393,460	$0	$2,807,672	$11,750,007	$9,286,057	$4,713,075	$41,913,575

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds			$3,747,426
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:			
	Capital Asset Additions	1,348,380	
	Current Year Depreciation	(386,137)	962,243
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of assets.			(5,705)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenditures in the funds:			
	Property Taxes	496,114	
	Support Services - Central	(23,173)	
	Interest	14,448	
	Tuition and Fees	(1,643)	
	Grants	2,390,777	
	Miscellaneous	23,967	2,900,490
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement on net assets:			
	Capital Leases	23,016	
	Tax Anticipation Notes	1,655,000	
	Certificates of Participation	165,000	1,843,016
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:			
	Accrued Interest	3,000	
	Amortization of Premiums	97,072	
	Amortization of Issuance Costs	(64,699)	35,373
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
	Compensated Absences	61,843	
	Vacation Benefits	(3,113)	58,730
Change in Net Assets of Governmental Activities			$9,541,573

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$5,079,000	$5,379,000	$5,362,028	($16,972)
Payment in Lieu of Taxes	35,000	35,000	50,513	15,513
Intergovernmental	8,838,364	8,847,400	8,842,386	(5,014)
Interest	170,000	170,000	122,021	(47,979)
Tuition and Fees	173,000	173,000	157,649	(15,351)
Rentals	800	800	1,092	292
Gifts and Donations	95,900	95,900	95,900	0
Charges for Services	213,800	213,800	145,955	(67,845)
Miscellaneous	34,000	32,100	19,024	(13,076)
Total Revenues	14,639,864	14,947,000	14,796,568	(150,432)
Expenditures				
Current:				
Instruction:				
Regular	1,962,888	1,872,888	1,825,006	47,882
Vocational	5,649,483	6,173,857	5,929,906	243,951
Adult/Continuing	11,000	11,000	8,132	2,868
Support Services:				
Pupils	779,419	799,549	838,902	(39,353)
Instructional Staff	164,893	168,893	143,231	25,662
Board of Education	86,076	86,076	76,625	9,451
Administration	1,443,586	1,426,414	1,387,558	38,856
Fiscal	576,678	608,778	555,225	53,553
Business	250,519	250,519	184,328	66,191
Operation and Maintenance of Plant	1,272,285	1,285,285	1,237,966	47,319
Pupil Transportation	59,018	59,018	65,472	(6,454)
Central	466,228	466,228	478,224	(11,996)
Operation of Non-Instructional Services	500	500	0	500
Extracurricular Activities	117,869	122,869	98,947	23,922
Debt Service:				
Principal Retirement	23,016	23,016	23,016	0
Interest and Fiscal Charges	5,357	5,357	5,357	0
Total Expenditures	12,868,815	13,360,247	12,857,895	502,352
Excess of Revenues Over Expenditures	1,771,049	1,586,753	1,938,673	351,920
Other Financing Sources (Use)				
Refund of Prior Year Expenditures	21,000	21,000	51,492	30,492
Transfers In	45,000	45,000	36,993	(8,007)
Transfers Out	(1,150,800)	(1,100,800)	(1,000,000)	100,800
Total Other Financing Sources (Use)	(1,084,800)	(1,034,800)	(911,515)	123,285
Net Change in Fund Balance	686,249	551,953	1,027,158	475,205
Fund Balance Beginning of Year	11,396,295	11,396,295	11,396,295	0
Prior Year Encumbrances Appropriated	123,245	123,245	123,245	0
Fund Balance End of Year	$12,205,789	$12,071,493	$12,546,698	$475,205

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$422,120	$422,120	$405,990	($16,130)
Interest	13,000	13,000	11,121	(1,879)
Tuition and Fees	2,869,978	2,971,288	2,740,080	(231,208)
Total Revenues	3,305,098	3,406,408	3,157,191	(249,217)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	2,885,995	2,478,255	2,548,414	(70,159)
Support Services:				
Instructional Staff	386,858	386,858	299,570	87,288
Fiscal	89,300	89,300	70,520	18,780
Total Expenditures	3,362,153	2,954,413	2,918,504	35,909
Net Change in Fund Balance	(57,055)	451,995	238,687	(213,308)
Fund Balance Beginning of Year	1,094,593	1,094,593	1,094,593	0
Prior Year Encumbrances Appropriated	54,413	54,413	54,413	0
Fund Balance End of Year	$1,091,951	$1,601,001	$1,387,693	($213,308)

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$0	$61,042
Cash and Cash Equivalents in Segregated Accounts	7,368	0
Investments in Segregated Accounts	505,932	0
Total Assets	513,300	$61,042
Liabilities		
Due to Students	0	$61,042
Total Liabilities	0	$61,042
Net Assets		
Endowments	35,000	
Held in Trust for Students	478,300	
Total Net Assets	$513,300	

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
Additions	
Interest	$7,113
Increase in Fair Value of Investments	106,208
Total Additions	113,321
Deductions	
Payments for Scholarships	5,300
Change in Net Assets	108,021
Net Assets Beginning of Year	405,279
Net Assets End of Year	$513,300

See accompanying notes to the basic financial statements

Note 1 - Description of the Center and Reporting Entity

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

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

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

Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

> ***General Fund*** The General Fund is the operating fund of the Center and is used to account for all financial resources except those required to be accounted for in another fund.
>
> ***Adult Education*** The Adult Education Special Revenue Fund accounts for all transactions made in connection with adult education classes.
>
> ***Bond Retirement*** The Bond Retirement Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
>
> ***Permanent Improvement Levy*** The Permanent Improvement Levy Capital Projects Fund is used to account for permanent improvement levy proceeds which can be used for expenditures related to acquiring, constructing, and improving school facilities.
>
> ***Local Funded Initiatives*** The Local Funded Initiatives Capital Projects Fund accounts for transactions related to the Center's building projects that are not part of the Classroom Facilities Program.
>
> ***Classroom Facilities*** The Classroom Facilities Capital Projects Fund accounts for the local and state share of a school facilities project administered through the Ohio School Facilities Commission proceeds of a levy passed by the voters of the Center to be used for permanent improvements. The local share of the project is funded through tax anticipation note proceeds.

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

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

C. Measurement Focus

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

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

The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2011, the Center's investments were limited to federal agency securities, stocks, repurchase agreements, non-participating certificates of deposit, certificates of deposit, money markets, and STAROhio. Repurchase agreements, non-participating certificates of deposit, certificates of deposit and money markets are reported at cost. Investments in federal agency securities and stocks are stated at fair value based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Non-participating investment contracts are reported at cost or amortized cost. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Based upon Board policy, the Center distributes interest to the General Fund, the Adult Education, Fox Scholarship, and Food Service Special Revenue Funds, Local Funded Initiatives, Classroom Facilities, Permanent Improvement Levy, and Permanent Improvement Capital Projects Funds, and the Rogge Trust Scholarship Private Purpose Trust Fund. Interest revenue credited to the General Fund during fiscal year 2011 amounted to $130,488, which includes $92,144 assigned from other Center funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which services are consumed.

G. Inventory

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

H. Capital Assets

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

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

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

K. Accrued Liabilities and Long-term Obligations

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

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

L. Unamortized Issuance Costs and Bond Premiums

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

M. Interfund Activity

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

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

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

N. Restricted Assets

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

O. Fund Balance

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

> Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
>
> Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Center resolutions).

Enabling legislation authorizes the Center to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Center can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Center Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a Center official delegated that authority by resolution or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had not been restricted, committed, or assigned.

The Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net assets, none has resulted from enabling legislation.

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

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

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Data

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

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

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

Note 3 - Changes in Accounting Principle and Restatement of Prior Year's Fund Balance

A. Changes in Accounting Principle

For fiscal year 2011, the Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications than can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications than comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the Center's financial statements.

B. Restatement of Prior Year's Fund Balance

Due to the implementation of GASB Statement No. 54, fund reclassification occurred for funds that had previously been reported as non-major special revenue funds and are now major or are being combined with the General Fund in accordance with the new standards. The effect of the change is as follows:

	General	Bond Retirmeent	Permanent Improvement Levy	Other Governmental Funds
Fund Balance, June 30, 2010	$10,261,994	$0	$0	$5,486,174
Restatement, Fund Classification	404,437	1,350,056	215,834	(1,970,327)
Adjusted Fund Balance, June 30, 2010	$10,666,431	$1,350,056	$215,834	$3,515,847

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2011, the Miscellaneous Federal Grants Special Revenue Fund had a deficit fund balance in the amount of $12,167. This deficit is due to adjustments for accrued liabilities in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The Permanent Improvement Capital Projects Fund had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code in the amount of $3,328.

The Center will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

4. Unrecorded cash and changes in fair market value represent amounts received or adjusted to revenue but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	$1,296,873	$305,668
Net Adjustment for Revenue Accruals	(351,421)	22,326
Unrecorded Cash - Prior Year	(9,750)	(664)
Unrecorded Cash - Current Year	(3,136)	(2,757)
Chnage in Market Value of Investments - Prior Year	23,435	2,027
Change in Market Value of Investments - Current Year	(22,861)	(2,425)
Prepaid Items - Prior Year	106,236	29,187
Prepaid Items - Current Year	(101,473)	(15,225)
Net Adjustment for Expenditure Accruals	291,330	(25,885)
Advances Out	(81,160)	0
Encumbrances	(120,915)	(73,565)
Budget Basis	$1,027,158	$238,687

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) above;

7. The State Treasurer's investment pool (STAROhio); and,

8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $10,831,194 of the Center's bank balance of $14,496,351 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

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

Investments: As of June 30, 2011, the Center had the following investments:

	Fair Value	Maturity	S&P/Moody's Rating	Percent of Total Investments
Federal Home Loan Mortgage Corporation	$4,463,928	11/30/2012-7/20/2015	AAA	15.64%
Federal National Mortgage Association	2,113,651	11/30/2015-4/28/2016	AAA	7.41%
Federal Home Loan Bank Bond	1,250,760	11/26/2014-12/10/2015	AAA	4.38%
Federal Home Loan Bank Agency Note	5,597,890	10/28/2011-6/28/2013	AAA	19.62%
United States Treasury Bill	3,773,488	9/15/2011-5/3/2012	AAA	13.23%
Federal Farm Credit Discount Notes	499,782	12/23/2011	AAA	1.75%
Federal National Mortgage Association - Agency Note	175,053	10/30/2012	AAA	0.61%
Federal National Mortgage Association - Medium Term Notes	300,552	9/30/2015	AAA	1.05%
Federal Home Loan Bank Discount Note	6,704,786	1/19/2012-3/26/2012	AAA	23.50%
Federal Home Loan Mortgage Corporation - Agency Note	2,200,192	7/27/2012-12/18/2013	AAA	7.71%
Negotiable Certificates of Deposit	608,619	10/24/2011-8/5/2013	N/A	2.13%
Negotiable Certificates of Deposit	202,492	8/13/2013	BAA1	0.71%
Repurchase Agreement	135,833	1 Day	AAA	0.48%
Massachusetts Investors Trust - Domestic Conservative Stock	505,932	N/A	N/A	1.78%
STAROhio	138,154	Average 58.3 days	AAAm	N/A
Total	$28,671,112			

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the Center. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. The County Auditor periodically advances to the Center its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2011 are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance, and recognized as revenue at June 30, 2011, was $604,513 in the General Fund and $379,563 in the Permanent Improvement Levy Capital Projects Fund. The amount available as an advance at June 30, 2010, was $219,393 in the General Fund and $143,252 was available in the Permanent Improvement Levy Capital Projects Fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second-Half Collections		2011 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$2,534,195,300	92.70%	$2,542,933,700	92.70%
Public Utility Personal	195,799,700	7.17%	377,157,209	7.17%
General Business Personal	3,821,445	0.13%	1,879,220	0.13%
Total	$2,733,816,445	100.00%	$2,921,970,129	100.00%
Tax rate per $1,000 of assessed valuation	$3.20		$3.20	

During fiscal year 2011, the assessed valuations for the Public Utility Personal increased as a result of a natural gas distribution pipeline and compressor station being constructed within the Center.

Note 8 - Receivables

Receivables at June 30, 2011, consisted of property taxes, payment in lieu of taxes, accounts, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, payments in lieu of taxes, and the classroom facilities grant, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $1,736,681 may not be collected within one year. The portion of the State Classroom Facilities grant totaling $24,630,589 that will be paid to the Center through the Ohio School Facilities Commission for future construction will not be collected within one year.

On October 1, 2009, the Center was awarded $22,712,695 for renovations to buildings on two campuses under the State's "Classroom Facilities Program". Under this program, the Center entered into an agreement with the State of Ohio in which the State would pay for a portion of the estimated project costs. As part of the process, the Center maintains a fund into which a set amount of proceeds from a levy is receipted for facilities maintenance. On December 23,2010, an amendment to this project was approved in the amount of $3,233,631due to a reassessment of the budget for the project. As of the end of the fiscal year 2011, the Center had received $1,315,737 of the monies awarded under this program. The remaining amount of $24,630,589 is recorded as a receivable and deferred revenue on the balance sheet.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Title II-A	$2,158
Adult Education Grant/Reimbursements	65,034
ABLE Grant	78,840
Carl D. Perkins Secondary Grant	68,385
Carl D. Perkins Adult Grant	6,093
Race to the Top	43,978
OAC Grant	48,570
GED Testing Reimbursement	2,930
Ohio School Facilities Grant	24,630,589
Miscellaneous Intergovernmental Reimbursements	3,299
Total	$24,949,876

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

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

Note 9 - Interfund Balances

At June 30, 2011, the General Fund had an interfund receivable from the Miscellaneous Federal Grants Special Revenue Fund in the amount of $81,160 on the governmental fund balance sheet. This transaction is the result of an interfund loan used to provide cash flow resources until the receipt of grant monies.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Nondepreciable Capital Assets				
Land	$333,075	$0	$0	$333,075
Construction in Progress	599,773	1,230,546	0	1,830,319
Total Nondepreciable Assets	932,848	1,230,546	0	2,163,394
Depreciable Capital Assets				
Buildings and Improvements	10,809,068	0	0	10,809,068
Vehicles	528,759	70,363	0	599,122
Machinery, Equipment, Furniture and Fixtures	1,810,828	47,471	(59,407)	1,798,892
Total Capital Assets Being Depreciated	13,148,655	117,834	(59,407)	13,207,082
Less Accumulated Depreciation:				
Buildings and Improvements	(7,320,767)	(252,239)	0	(7,573,006)
Vehicles	(383,729)	(28,578)	0	(412,307)
Machinery, Equipment, Furniture and Fixtures	(1,308,628)	(105,320)	53,702	(1,360,246)
Total Accumulated Depreciation	(9,013,124)	(386,137) *	53,702	(9,345,559)
Total Capital Assets Being Depreciated, Net	4,135,531	(268,303)	(5,705)	3,861,523
Governmental Activities Capital Assets, Net	$5,068,379	$962,243	($5,705)	$6,024,917

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$20,918
Vocational	132,364
Adult/Continuing	24,190
Support Services:	
Pupils	5,158
Instructional Staff	9,074
Board of Education	3,884
Administration	24,544
Fiscal	4,928
Business	12,713
Operation and Maintenance of Plant	94,959
Pupil Transportation	17,329
Central	27,171
Non-Instructional Services - Food Service Operations	8,905
Total Governmental Depreciation	$386,137

Note 11 - Interfund Transfers

Interfund transfers for the year ended June 30, 2011 consisted of the following:

	Transfers To		
Transfer From	General Fund	Permanent Improvement	Total
General Fund	$0	$1,000,000	$1,000,000
Other Nonmajor Governmental	36,993	0	36,993
	$36,993	$1,000,000	$1,036,993

The Center transferred $1,000,000 from the General Fund to the Permanent Improvement Capital Projects in order to maintain a working balance in this fund. The Center also transferred $36,993 from the State Funded Capital Projects Fund to the General Fund in order to close out a grant fund no longer being utilized.

Note 12 - Risk Management

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Center contracted with Utica National Insurance Group, through The Young Insurance Agency, for property, boiler and machinery, inland marine, crime insurance, general liability insurance, and fleet insurance. Coverage is as follows:

Building and Contents-replacement cost	$38,933,453	$5,000 deductible
Earthquake Insurance	4,000,000	$5,000 deductible
Commercial Liablity		
Per Occurrence	3,000,000	n/a
Aggregate Per Year	3,000,000	n/a
Inland Marine		
Data Processing	55,731	$500 deductible
Builders' Risk	90,000	$1,000 deductible
Valuable Papers and Records	100,000	$500 deductible
Miscellaneous School Equipment	500,000	$500 deductible
Crime Insurance		
Employee Theft	100,000	$500 deductible
Forgery or Alteration	100,000	$500 deductible
Money & Securities	25,000	$500 deductible
General Liability		
Per Occurrence	1,000,000	$1,000 deductible
Aggregate Per Year	3,000,000	$1,000 deductible
Rent Damage	100,000	$1,000 deductible
Medical Expense	5,000	$1,000 deductible
Fleet Insurance		
Per Occurrence	1,000,000	$1,000 deductible
Aggregate Per Year	3,000,000	n/a
Medical Expense	5,000	n/a
Garagekeepers Comprehensive	60,000	$1,000 deductible
Garagekeepers Collision	60,000	$500 deductible

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

B. Workers' Compensation

For fiscal year 2011, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice provides administrative, cost control, and actuarial services to the GRP.

Note 13 - Other Employee Benefits

A. Compensated Absences

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

B. Insurance

The Center provides health insurance benefits through Anthem Blue Cross Blue Shield. The costs of health insurance premiums are $1,910.80 for family coverage and $764.33 for single coverage. The employees are responsible to pay $286.62 for family coverage and $114.65 for single coverage. The board pays the remainder of the monthly premium.

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

The Center provides dental insurance to employees through Coresource, Inc. The costs of dental insurance premiums are $67.00 for both family and single coverage with the employee share being $10.05.

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care Funds. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were $225,397, $240,009, and $149,533, respectively. For fiscal year 2011, 91.91 percent has been contributed, with the remaining being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

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 DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The Center's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were $985,070 and $34 for the fiscal year ended June 30, 2011, $973,248 and $69 for the fiscal year ended June 30, 2010, and $973,769 and $0 for the fiscal year ended June 30, 2009. For fiscal year 2011, 85.86 percent has been contributed for the DB Plan and 85.86 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2011 were $7,803 made by the Center and $5,573 made by the plan members. In addition, member contributions of $25 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the Sate Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011 there are eight employees who have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

Plan Description - The Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's 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 2011, 1.43 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 2011, this amount was $35,800.

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

The Center's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were $59,307, $33,843, and $112,269, respectively; 44.63 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were $14,584, $14,006, and $12,540, respectively; 91.96 percent has been contributed for fiscal year 2011and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

Funding Policy - Ohio 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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were $76,377, $74,865, and $72,136, respectively; 85.18 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

Note 16 - Capital Leases

In fiscal year 2007, the Center entered into a capitalized lease for a copying machine in the amount of $29,831. In fiscal year 2008, the Center entered into capitalized leases for a mailing machine and a copier in the amounts of $17,924 and $20,739, respectively. During fiscal year 2010, the Center entered into a capitalized lease for two copying machines/printers in the amount of $43,150. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified from administration and business support services expenditures in the budgetary statements to principal debt service expenditures in the basic financial statements for the General Fund.

Actual principal payments in fiscal year 2011 totaled $23,016. The equipment was originally capitalized in the amount of $111,644, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2011 was $39,012, and the book value was $72,632.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011:

	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$17,336	$3,504	$20,840
2013	15,177	1,835	17,012
2014	9,679	884	10,563
2015	4,304	99	4,403
Present Value of Net Minimum Lease Payments	$46,496	$6,322	$52,818

Note 17 - Long-Term Obligations

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

	Outstanding 06/30/10	Additions	Reductions	Outstanding 06/30/11	Due within One Year
Governmental Activities:					
Capital Leases Payable	$69,512	$0	($23,016)	$46,496	$17,336
Tax Anticipation Notes -					
$8,885,000, Various Interest Rate	8,855,000	0	(1,655,000)	7,200,000	1,715,000
Premium on Tax Anticipation Notes	209,987	0	(46,664)	163,323	0
Total Tax Anticipation Notes Liability	9,064,987	0	(1,701,664)	7,363,323	1,715,000
Certificates of Participation -					
$11,965,000, Various Interest Rate	11,965,000	0	(165,000)	11,800,000	150,000
Premium on Certificates of Participation	478,876	0	(50,408)	428,468	0
Total Certificates of Participation Liability	12,443,876	0	(215,408)	12,228,468	150,000
Compensated Absences	611,006	61,172	(123,015)	549,163	22,500
Total Governmental Activities Long-Term Liabilities	$22,189,381	$61,172	($2,063,103)	$20,187,450	$1,904,836

On October 22, 2009, the Center issued $8,855,000 in tax anticipation notes (TANs). The proceeds of the TANs will be used for the local share of constructing school facilities under the Vocational Facilities Assistance Program of the Ohio School Facilities Commission; furnishing and equipping the same; and improving the sites thereof. The TANs were issued in anticipation of the collection of the proceeds of the one and four-tenths mill ten year permanent improvement levy approved by electors of the Center at the election held May 5, 2009. The TANs issuance included a premium of $233,319 and issuance costs of $175,302, which will be amortized over the life of the TANs. Issuance costs were amortized at June 30, 2011 in the amount of $35,060.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$1,715,000	$183,800	$1,898,800
2013	1,760,000	120,325	1,880,325
2014	1,845,000	61,313	1,906,313
2015	1,880,000	21,150	1,901,150
Totals	$7,200,000	$386,588	$7,586,588

On December 15, 2009, the Center issued $11,965,000 in certificates of participation (COPs), for use in upgrading existing facilities. The COPs issuance included a premium of $504,080 and issuance costs of $291,894, which will be amortized over the life of the COPs. Issuance costs in the amount of $29,639 were amortized at June 30, 2011. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Muskingum County Business Incubator, and then subleased back to the Center. The COPs were issued through a series of annual leases with an initial lease term of ten years which includes the right to renew for ten successive one-year terms through December 1, 2019, subject to annual appropriations. To satisfy the trustee requirements, the Center is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 1.65 percent to 5.0 percent. The Center has the option to purchase the Project Facilities on any Lease Payment Date by paying $100 plus the amount necessary to defease the Indenture.

Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$150,000	$471,195	$621,195
2013	155,000	468,041	623,041
2014	150,000	464,512	614,512
2015	160,000	459,862	619,862
2016	2,085,000	423,581	2,508,581
2017-2020	9,100,000	877,150	9,977,150
Totals	$11,800,000	$3,164,341	$14,964,341

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

The overall debt margin of the Center as of June 30, 2011, was $255,730,816, with an unvoted debt margin of $21,973,205.

Note 18 - Jointly Governed Organizations and Insurance Purchasing Pool

A. Jointly Governed Organizations

The ***Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)*** was created as a regional council of governments pursuant to State statutes. OME-RESA has participating districts from 12 counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. The Center's payment for computer services to OME-RESA in fiscal year 2011 was $46,537. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The ***Coalition of Rural and Appalachian Schools (CORAS)*** is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Center’s membership fee was $325 for fiscal year 2011.

The ***Ohio Coalition for Equity and Adequacy of School Funding*** is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of not more than 78 representatives, who are Superintendents of Boards of Education that are Coalition members, plus an additional 12 representatives that need not be Board of Education Superintendents. A maximum of 78 steering committee representatives may be appointed by the Chairperson. The Center’s membership fee was $557 for fiscal year 2011.

The Center participates in the ***Metropolitan Educational Council (MEC),*** a jointly governed organization. The organization is composed of 166 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. During fiscal year 2011, the Center made a payment of $423 to MEC for a membership fee. Financial information may be obtained from the Metropolitan Educational Council, Denise Canfield, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

B. Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The Center's enrollment fee was $3,251 for fiscal year 2011.

Note 19 - Contingencies

A. Grants

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2011.

B. Litigation

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

Note 20 - Set-Asides

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

Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the workers' compensation refunds. A School District may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set Aside Reserve Balance as of June 30, 2010	$0	$0	$45,566
Current Year Set Aside Requirement	189,125	189,125	0
Current Year Qualifying Expenditures	(315,247)	(249,541)	0
Excess Qualified Epxenditures from Prior Years	(1,692,122)	0	0
Current Year Offsets	0	(1,000,000)	0
Total	($1,818,244)	($1,060,416)	$45,566
Balance Carried Forward to Future Fiscal Years	$0	$0	$0
Set Aside Reserve Balance as of June 30, 2011	$0	$0	$45,566

The Center had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for textbooks and capital improvements. Effective July 1, 2011, House Bill 30, "The Unfunded Mandates Relief Act", eliminates the requirement that school districts annually set-aside an amount per pupil into a textbook and instructional materials fund.

Debt proceeds may be used to reduce the capital set-aside reserve. The amount used each fiscal year is limited to the amount of revenue collected to service the debt or the set-aside balance less any offsets and qualified expenditures. The fiscal year 2010 tax anticipation notes and certificates of participation proceeds less the accumulated amount of debt proceeds used as an offset is carried forward to future fiscal years until consumed. The amount of debt proceeds that may be used as an offset in future fiscal years is $20,335,026.

Note 21 - Contractual Commitments

During fiscal year 2010, and continuing in fiscal year 2011, the Center was approved for participation in the Vocational Facilities Assistance Program of the Ohio School Facilities Commission. The Center had entered into agreements with some vendors that generated amounts that are presented as contracts payable in the financial statements. However, these contracts were for work done on a per hour basis such as consulting and engineering. No material construction contracts were committed at the end of the fiscal year.

Note 22 - Subsequent Event

Pursuant to existing certified and classified union agreements, and also board resolutions, all employees received a 1.8 percent salary increase for fiscal year 2012.

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MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/ *Pass Through Grantor* Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	$ 29,012	$ 29,012
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	29,886	29,886
National School Lunch Program	2010/2011	10.555	205,929	205,929
Cash Assistance Subtotal			235,815	235,815
Total Child Nutrition Cluster			264,827	264,827
Child and Adult Care Food Program	2010/2011	10.558	10,261	10,261
Total U.S. Department of Agriculture			275,088	275,088
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Adult Education - Basic Grants to States	2010	84.002	43,921	35,807
	2011		401,164	391,286
Total Adult Education - Basic Grants to States			445,085	427,093
Career and Technical Education - Basic Grants to States	2010	84.048	79,052	69,541
	2011		609,695	595,018
Total Career and Technical Education - Basic Grants to States			688,747	664,559
Improving Teacher Quality State Grants	2010	84.367	(500)	
	2010		5,106	5,106
Total Improving Teacher Quality State Grants			4,606	5,106
Teacher Incentive Fund, Recovery Act	2011	84.385	30,389	67,570
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	2011	84.395	4,887	48,865
Student Financial Assistance Cluster:				
Direct from United States Department of Education:				
Federal Pell Grant Program	2011	84.063	975,065	975,065
Federal Direct Student Loans	2011	84.268	1,184,200	1,184,200
Passed Through Great Lakes Educational Loans:				
Federal Family Education Loans (FFEL)	2010	84.032	41,075	41,075
Total Student Financial Assistance Cluster			2,200,340	2,200,340
Total U.S. Department of Education			3,374,054	3,413,533
Total Federal Awards Receipts and Expenditures			**$ 3,649,142**	**$ 3,688,621**

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

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The Center transferred the following amount from the 2010 to 2011 program:

Program Title	CFDA Number	Amount Transferred from 2010 to 2011
Improving Teacher Quality State Grant	84.367	$500

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2011, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 6, 2012, wherein we noted the Center has adopted Governmental Accounting Standards Board Statement No. 54. 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 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, 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

Dave Yost
Auditor of State

February 6, 2012

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the 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, 2011. 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.

Our compliance audit followed 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*. These 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 Center 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, 2011.

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

Dave Yost

Dave Yost
Auditor of State

February 6, 2012

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under §.510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Career and Technical Education – Basic Grants to States - CFDA #84.048 Student Financial Assistance Cluster – CFDA #'s 84.063, 84.032, 84.268
(d)(1)(viii)	**Dollar Threshold: Type A/B Programs**	Type A: > $300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on January 10, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Dave Yost

Dave Yost
Auditor of State

February 6, 2012

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MID-EAST CAREER AND TECHNOLOGY CENTERS

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 8, 2012