

**MAHONING COUNTY
CAREER & TECHNICAL CENTER
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Mahoning County Career and Technical Center, Mahoning County, prepared by Varney, Fink & Associates, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mahoning County Career and Technical Center is responsible for compliance with these laws and regulations.

Mary Taylor

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Auditor of State

February 25, 2008

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**MAHONING COUNTY CAREER & TECHNICAL CENTER
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Mahoning County Career & Technical Center
Canfield, OH 44406

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mahoning County Career & Technical Center (the Center), as of and for the year ended June 30, 2007, 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 an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinions.

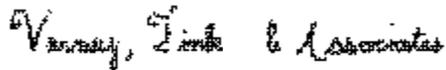
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Center, as of June 30, 2007 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2007 on our consideration of the Center's internal control over financial reporting and on 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* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as 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 of the Center. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 28, 2007

Mahoning County Career & Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

This discussion and analysis of the Mahoning County Career & Technical Center School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The District's assets exceeded its liabilities at June 30, 2007, by \$28,873,069.
- Net assets increased \$14 million, of which \$13 million was due to the recognition of a gain on impairment of assets. The gain is the result of insurance recovery of \$13 million being higher than the carrying value of the portion of the school building that suffered damage due to a fire on May 4, 2007.
- General revenues accounted for \$10,467,520 in revenue or 41% of all revenues. Extraordinary items-impairment Gain on Fire Damage, Net of Insurance Recovery accounted for \$12,893,071 in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,028,180 or 8% of total revenues of \$25,388,771.
- The District had \$11,196,138 in expenses related to governmental activities; only \$2,028,180 of these expenses was offset by program specific charges for services, grants or contributions. General revenues, excluding the extraordinary item, supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,467,520 were adequate to provide for these programs.
- The General Fund had \$24,221,626 in revenues, other financing sources, and extraordinary item-insurance recovery and \$9,693,834 in expenditures and other financing sources. The General Fund's balance increased by \$14,527,792.

Using this Annual Financial Report

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

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

Mahoning County Career & Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant fund. The District's only major governmental fund is the general fund.

Governmental Funds

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

The District as a Whole

As stated previously the Statement of Net Assets provides the perspective of the District as a whole.

Mahoning County Career & Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 1 provides a summary of the District's net assets for 2007 compared to 2006.

Table 1
Net Assets
Governmental Activities

	2007	2006
Assets		
Current Assets	\$34,043,458	\$18,573,950
Capital Assets, Net of Depreciation	3,925,122	4,333,941
<i>Total Assets</i>	<u>37,968,580</u>	<u>22,907,891</u>
Liabilities		
Current Liabilities	7,990,669	7,159,195
Long-Term Liabilities	1,104,842	1,068,260
<i>Total Liabilities</i>	<u>9,095,511</u>	<u>8,227,455</u>
Net Assets		
Invested in Capital Assets, Net of Depreciation	3,925,122	4,333,941
Restricted	328,504	228,298
Unrestricted	24,619,443	10,118,197
<i>Total Net Assets</i>	<u>\$28,873,069</u>	<u>\$14,680,436</u>

Total assets increased by \$15,560,689 primarily due to a receivable being recognized for the insurance recovery from the fire as explained in the Financial Highlights section and an increase in investments with fiscal agents.

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$28,873,069.

At fiscal year-end, capital assets represented 10% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of depreciation at June 30, 2007, were \$3,925,122. These capital assets are used to provide services to the students and are not available for future spending.

Mahoning County Career & Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 2 shows the change in net assets for fiscal year ended June 30, 2007 as compared to 2006.

Table 2
Change in Net Assets
Governmental Activities

	<u>2007</u>	<u>2006</u>
Revenues		
Program Revenues		
Charges for Services and Sales	\$944,722	\$701,981
Operating Grants and Contributions	1,053,321	1,040,312
Capital Grants and Contributions	30,137	-
<i>Total Program Revenues</i>	<u>2,028,180</u>	<u>1,742,293</u>
General Revenues		
Property Taxes	6,642,232	6,023,341
Grants and Entitlements not Restricted to Specific Programs	3,135,483	3,090,124
Investment Earnings	665,532	410,178
Miscellaneous	24,273	13,821
Extraordinary Item-Impairment Gain on Fire Damage, Net of Insurance Recovery	12,893,071	-
<i>Total General Revenues</i>	<u>23,360,591</u>	<u>9,537,464</u>
<i>Total Revenues</i>	<u>25,388,771</u>	<u>11,279,757</u>
Program Expenses		
Instruction:		
Regular	1,314,663	1,305,526
Adult/Continuing	788,253	663,084
Vocational	3,401,672	3,512,843
Other	1,124	-
Support Services:		
Pupil	1,180,214	1,287,387
Instructional Staff	1,374,802	1,436,801
Board of Education	69,317	49,559
Administration	806,271	627,883
Fiscal	387,375	353,473
Business	245	824
Operation and Maintenance of Plant	1,224,812	1,210,946
Pupil Transportation	39,004	37,921
Central	319,666	225,364
Operation of Non-Instructional Services	218,494	164,529
Extracurricular Activities	70,226	71,069
<i>Total Expenses</i>	<u>11,196,138</u>	<u>10,947,209</u>
<i>Increase in Net Assets</i>	14,192,633	332,548
Net Assets Beginning of Year	14,680,436	14,347,888
<i>Net Assets End of Year</i>	<u>\$28,873,069</u>	<u>\$14,680,436</u>

Mahoning County Career & Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Governmental Activities

Net assets of the District's governmental activities increased by \$14,192,633. Total governmental expenses of \$11,196,138 were offset by program revenues of \$2,028,180 and general revenues, excluding the extraordinary item, of \$10,467,520. General revenues supported 93% of the total governmental expenses.

The primary sources of revenue, excluding the extraordinary item, for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 39% of total governmental revenue.

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$5,505,712	\$4,649,524	\$5,481,453	\$4,846,298
Support Services	5,401,706	4,407,661	5,230,158	4,280,286
Operation of Non-Instructional Services	218,494	42,571	164,529	8,484
Extracurricular Activities	70,226	68,202	71,069	69,848
<i>Total Expenditures</i>	<u>\$11,196,138</u>	<u>\$9,167,958</u>	<u>\$10,947,209</u>	<u>\$9,204,916</u>

The District's Funds

Information regarding the District's major fund and all other governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,278,012 to offset expenditures of \$11,542,491.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, the District approved one amendment to its original general fund appropriations. The District budget is adopted on a fund basis and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual revenue totaled \$208,808 more than original estimates. Actual expenditures totaled \$1,983,828 less than amended appropriations. The majority of this

Mahoning County Career & Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

difference was due to lower than expected building acquisition and construction services.

Capital Assets

At the end of fiscal year 2007, the District had \$3,925,122 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2007 balances compared to 2006.

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

	<u>2007</u>	<u>2006</u>
Land	\$125,000	\$125,000
Construction in Progress	1,039,691	0
Land Improvements	14,197	14,832
Buildings and Improvements	1,441,685	2,143,707
Furniture and Equipment	1,165,695	1,899,935
Vehicles	138,854	150,467
<i>Total</i>	<u>\$3,925,122</u>	<u>\$4,333,941</u>

All capital assets, except land, are reported net of depreciation. Changes in capital assets from the prior year resulted from additions, deletions, and depreciation. For more information about the District's capital assets, see Note 8 to the basic financial statements.

Current Related Financial Activity

The District has approved a Program of Requirements for the reconstruction of the total loss area which was damaged by fire. The architect is currently finalizing the drawings and beginning the schematic design phase. Along with the rebuild of the total loss area, the district will construct an addition that will house additional classroom space, an administrative area, and possibly the Data Acquisition Site. Other renovation work will also be performed throughout the facility to accommodate Adult Education, a new sprinkler system, overhead doors, and the possibility of a geothermal heating and cooling system. Initial construction estimates have ranged anywhere from \$15 to \$20 million. The entire scope of the project will depend largely on financing and investment opportunities, which will include the issuance of un-voted debt. The initial timeline for completion of the entire project will span anywhere from three to five years. Construction specifications and bid packages will be prepared for solicitation in early 2008. The district is expecting construction to commence immediately following bid awards.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Blaise Karlovic, Treasurer, Mahoning County Career & Technical Center, 7300 North Palmyra Road, Canfield, Ohio 44406 or email at MJVS_BEK@ACCESS-K12.ORG.

Mahoning County Career & Technical Center
Statement of Net Assets
June 30, 2007

	<u>Governmental</u> <u>Activities</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 8,666,556
Investments with Fiscal Agents	5,230,271
Accrued Interest Receivable	24,986
Accounts Receivable	13,225,078
Intergovernmental Receivable	15,063
Taxes Receivable	6,881,504
Noncurrent Assets:	
Non-Depreciable Capital Assets	1,164,691
Depreciable Capital Assets, net	<u>2,760,431</u>
<i>Total Assets</i>	<u><u>37,968,580</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	891,048
Accrued Wages and Benefits	548,177
Intergovernmental Payable	121,457
Matured Compensated Absences Payable	34,000
Deferred Revenue	6,395,987
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	55,406
Due in More Than One Year	<u>1,049,436</u>
<i>Total Liabilities</i>	<u><u>9,095,511</u></u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	3,925,122
Restricted for Capital Projects	34,977
Restricted for Other Purposes	293,527
Unrestricted	<u>24,619,443</u>
<i>Total Net Assets</i>	<u><u>\$ 28,873,069</u></u>

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	<u>Program Revenues</u>			<u>Net (Expense)Revenue and</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating Grants</u>	<u>Changes in Net Assets</u>
		<u>Services and</u>	<u>and Contributions</u>	<u>Governmental Activities</u>
		<u>Sales</u>	<u>Capital Grants</u>	
			<u>and</u>	
			<u>Contributions</u>	
Governmental Activities:				
Instruction:				
Regular	\$ 1,314,663	\$ 35,759	\$ 2,212	\$ (1,276,692)
Vocational	3,401,672	109,111	2,000	\$ (3,266,561)
Adult/Continuing	788,253	398,094	277,896	(106,126)
Other	1,124	728	251	(145)
Support Services:				
Pupils	1,180,214	27,192	223,260	(929,762)
Instructional Staff	1,374,802	141,634	240,886	(992,282)
Board of Education	69,317	1,989	12	(67,316)
Administration	806,271	77,822	45,694	(682,755)
Fiscal	387,375	10,860	64	(376,451)
Business	245		4,385	4,140
Operation and Maintenance of Plant	1,224,812	42,175	2,846	(1,179,791)
Pupil Transportation	39,004	1,570	9	(37,425)
Central	319,666	4,354	169,293	(146,019)
Operation of Non-Instructional Services	218,494	91,422	84,501	(42,571)
Extracurricular Activities	70,226	2,012	12	(68,202)
Total Governmental Activities	\$ 11,196,138	\$ 944,722	\$ 1,053,321	\$ 30,137
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				6,642,232
Grants and Entitlements not Restricted to Specific Programs				3,135,483
Investment Earnings				665,532
Miscellaneous				24,273
Extraordinary Item-Impairment gain on fire damage (net of insurance recovery)				12,893,071
Total General Revenues and Transfers				23,360,591
Change in Net Assets				14,192,633
Net Assets Beginning of Year				14,680,436
Net Assets End of Year				\$ 28,873,069

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
Balance Sheet
Governmental Funds
June 30, 2007

	<u>GENERAL</u> <u>FUND</u>	<u>All Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 8,259,677	\$ 406,879	\$ 8,666,556
Investments with Fiscal Agents	5,230,271		5,230,271
Accrued Interest Receivable	24,986		24,986
Accounts Receivable	13,218,271	6,807	13,225,078
Intergovernmental Receivable	4,248	10,815	15,063
Taxes Receivable	6,881,504		6,881,504
<i>Total Assets</i>	<u>\$ 33,618,957</u>	<u>\$ 424,501</u>	<u>\$ 34,043,458</u>
LIABILITIES:			
Accounts Payable	\$ 889,178	\$ 1,870	\$ 891,048
Accrued Wages and Benefits	502,736	45,441	548,177
Intergovernmental Payable	101,158	20,299	121,457
Matured Compensated Absences Payable	34,000		34,000
Deferred Revenue	6,874,479		6,874,479
<i>Total Liabilities</i>	<u>8,401,551</u>	<u>67,610</u>	<u>8,469,161</u>
Equity:			
FUND BALANCES:			
Reserved:			
Reserved for Encumbrances	2,602,577	6,299	2,608,876
Reserved for Property Taxes	10,620		10,620
Unreserved, Undesignated, Reported in:			
General Fund	22,604,209		22,604,209
Special Revenue Funds		350,592	350,592
<i>Total Fund Balances</i>	<u>25,217,406</u>	<u>356,891</u>	<u>25,574,297</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 33,618,957</u>	<u>\$ 424,501</u>	<u>\$ 34,043,458</u>

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2007*

Total Governmental Funds Balances \$25,574,297

*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

Land	125,000
Construction in Progress	1,039,691
Land Improvements (Net of depreciation)	14,197
Buildings/Improvements (Net of depreciation)	1,441,685
Furniture and Equipment (Net of depreciation)	1,165,695
Vehicles (Net of depreciation)	<u>138,854</u>

Total 3,925,122

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

Property taxes	478,492
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Long-term liabilities are not due and payable in the current
 period and therefore are not reported in the funds:

Compensated Absences	(1,121,411)
Pension Obligation	<u>16,569</u>

Total (1,104,842)

Net Assets of Governmental Activities \$28,873,069

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	<u>GENERAL</u> <u>FUND</u>	<u>All Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES:			
Property and Other Local Taxes	\$ 6,445,683		\$ 6,445,683
Intergovernmental	3,135,483	\$ 1,060,010	4,195,493
Interest	663,016	2,516	665,532
Tuition and Fees	219,253	607,520	826,773
Gifts and Donations	1,445	864	2,309
Customer Sales and Services	26,559	91,390	117,949
Miscellaneous	15,225	9,048	24,273
<i>Total Revenues</i>	<u>10,506,664</u>	<u>1,771,348</u>	<u>12,278,012</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	1,242,083	800	1,242,883
Vocational	2,867,114	70,485	2,937,599
Adult/Continuing		750,665	750,665
Other		1,124	1,124
Support Services:			
Pupils	899,748	222,580	1,122,328
Instructional Staff	965,790	381,635	1,347,425
Board of Education	69,317		69,317
Administration	650,237	117,356	767,593
Fiscal	373,051		373,051
Business	245		245
Operation and Maintenance of Plant	1,163,159	14,007	1,177,166
Pupil Transportation	56,270		56,270
Central	151,641	168,025	319,666
Operation of Non-Instructional Services	1,248	216,912	218,160
Extracurricular Activities	70,469		70,469
Capital Outlay	<u>1,088,530</u>		<u>1,088,530</u>
<i>Total Expenditures</i>	<u>9,598,902</u>	<u>1,943,589</u>	<u>11,542,491</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>907,762</u>	<u>(172,241)</u>	<u>735,521</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In		94,932	94,932
Proceeds from Sale of Capital Assets	4,590		4,590
Transfers Out	<u>(94,932)</u>		<u>(94,932)</u>
<i>Total Other Financing Sources and Uses</i>	<u>(90,342)</u>	<u>94,932</u>	<u>4,590</u>
Extraordinary Item - Insurance Recovery from Fire	<u>13,710,372</u>		<u>13,710,372</u>
<i>Total Special & Extraordinary Items</i>	<u>13,710,372</u>		<u>13,710,372</u>
<i>Net Change in Fund Balances</i>	14,527,792	(77,309)	14,450,483
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>10,689,614</u>	<u>434,200</u>	<u>11,123,814</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 25,217,406</u>	<u>\$ 356,891</u>	<u>\$ 25,574,297</u>

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds **\$14,450,483**

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

Governmental funds report capital outlays as expenditures.

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

Capital Outlay	1,141,019	
Depreciation Expense	<u>(732,537)</u>	
Total		408,482

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and deletions) is to decrease net assets.

Impairment of Capital Assets	(524,422)	
Extraordinary Loss	(292,879)	
Total		(817,301)

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

Property Taxes	196,549	
Grants	<u>(8,998)</u>	
Total		187,551

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

Compensated Absences	(53,151)	
Pension Obligation	<u>16,569</u>	
Total		<u>(36,582)</u>

Change in Net Assets of Governmental Activities **\$14,192,633**

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 6,450,000	\$ 6,450,000	\$ 6,455,905	\$ 5,905
Intergovernmental	2,527,577	3,098,437	3,131,235	32,798
Interest	512,000	512,000	588,294	76,294
Tuition and Fees	125,750	125,750	219,378	93,628
Gifts and Donations	2,100	2,100	1,445	(655)
Customer Sales and Services	28,000	28,000	26,559	(1,441)
Miscellaneous	12,750	12,750	15,029	2,279
Total Revenues	<u>9,658,177</u>	<u>10,229,037</u>	<u>10,437,845</u>	<u>208,808</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,243,427	1,243,427	1,267,144	(23,717)
Vocational	2,998,853	2,998,853	3,036,715	(37,862)
Support Services:				
Pupils	914,936	914,936	909,626	5,310
Instructional Staff	1,117,512	1,117,512	1,127,335	(9,823)
Board of Education	81,921	81,921	82,461	(540)
Administration	645,712	645,712	628,945	16,767
Fiscal	353,003	353,003	338,677	14,326
Business	200	200	245	(45)
Operation and Maintenance of Plant	1,351,455	1,351,455	1,191,430	160,025
Pupil Transportation	36,950	36,950	52,550	(15,600)
Central	147,405	147,405	159,648	(12,243)
Operation of Non-Instructional Services:				
Food Service Operations	400	400	365	35
Extracurricular Activities:				
Occupation Oriented Activities	73,668	73,668	69,108	4,560
School and Public Service Co-Curricular Activities	1,795	1,795	1,677	118
Capital Outlay:				
Site Improvement Services	1,000	1,000		1,000
Building Acquisition and Construction Services		5,000,000	3,046,431	1,953,569
Building Improvement Services	257,801	257,801	329,853	(72,052)
Total Expenditures	<u>9,226,038</u>	<u>14,226,038</u>	<u>12,242,210</u>	<u>1,983,828</u>
Excess of Revenues Over (Under) Expenditures	<u>432,139</u>	<u>(3,997,001)</u>	<u>(1,804,365)</u>	<u>2,192,636</u>
OTHER FINANCING SOURCES AND USES:				
Advances In	7,452	7,452	7,452	
Insurance Proceeds			500,000	500,000
Proceeds from Sale of Capital Assets	2,500	2,500	4,590	2,090
Transfers Out	(87,000)	(87,000)	(94,932)	(7,932)
Total Other Financing Sources and Uses	<u>(77,048)</u>	<u>(77,048)</u>	<u>417,110</u>	<u>494,158</u>
Net Change in Fund Balances	355,091	(4,074,049)	(1,387,255)	2,686,794
Fund Balance (Deficit) at Beginning of Year	11,123,854	11,123,854	11,123,854	
Prior Year Encumbrances Appropriated	<u>241,694</u>	<u>241,694</u>	<u>241,694</u>	
Fund Balance (Deficit) at End of Year	<u>\$ 11,720,639</u>	<u>\$ 7,291,499</u>	<u>\$ 9,978,293</u>	<u>\$ 2,686,794</u>

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2007

	<u>Agency Fund</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 24,159
<i>Total Current Assets</i>	<u>24,159</u>
<i>Total Assets</i>	<u>\$ 24,159</u>
LIABILITIES:	
Current Liabilities:	
Due to Students	\$ 24,159
<i>Total Current Liabilities</i>	<u>24,159</u>
<i>Total Liabilities</i>	<u>\$ 24,159</u>

See accompanying Notes to the Basic Financial Statements

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

A. Reporting Entity

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

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

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

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

Member School Districts - The School District accepts non-tuition students from each of

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered to be part of the School District.

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

The School District participates in certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 13 to the combined financial statements and the public entity risk pools are presented in Note 16. These organizations are:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements:

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District does not have proprietary funds.

Governmental Funds:

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

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

Fiduciary Fund Type:

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. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

C. Measurement Focus

Government-wide Financial Statements:

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

Fund Financial Statements:

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred 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 values, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred 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, 2007, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures:

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

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

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

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

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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

F. Cash and Cash Equivalents

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

During fiscal year 2007, investments were limited to securities issued by the Federal Home Loan Bank, Federal Farm Credit, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2007.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$663,016 which includes \$25,592 assigned from other School District funds.

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

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food. Due to the fire there was no inventory as of June 30, 2007.

H. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land 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:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	45 years
Furniture and Equipment	3 – 20 years
Vehicles	5 – 20 years

I. Compensated Absences

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

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

The entire compensated absence 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 fund or funds from which the employees who have accumulated the leave are paid.

J. Accrued Liabilities and Long-term Obligations

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

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 fiscal year.

K. Net Assets

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

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

L. Fund Balance Reserves and Designations

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

M. Interfund Activity

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. 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.

NOTE 3 - ACCOUNTABILITY

At June 30, 2007, the Food Service, EMIS, Adult Basic Literacy and Vocational Education funds had deficit fund balances of \$5,487, \$41, \$1,976 and \$26,075, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are that:

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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$14,527,792
Net Adj. Revenue Accruals	(13,271,739)
Net Adj. Expenditure Accruals	(6,169,063)
Encumbrances (Budget Basis)	<u>3,525,755</u>
Budget Basis	<u>(\$1,387,255)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time, and,
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

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

Deposits. At fiscal year end, the carrying amount of the School District's deposits was \$3,347,900. As of June 30, 2007, \$3,399,603 of the School District's bank balance of \$3,636,529 was exposed to custodial credit risk as discussed below, while \$236,926 was covered by Federal Deposit Insurance Corporation.

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

Investments. As of June 30, 2007, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>		
		<u>Less Than 1</u>	<u>1 to 3</u>	<u>4 to 5</u>
Repurchase Agreements	\$250,665	\$250,665		
U.S. Agencies	5,728,685	718,781	2,629,001	2,380,903

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Sky Money Market	73,111	73,111
Butler Wick Money Market	99,652	99,652
STAROhio	4,420,973	4,420,973

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

Credit Risk. As of June 30, 2007, the School District's investment in Money Market accounts was not rated, STAROhio was rated AAAM, Federal Home Loan Bank was rated A-1, Federal National Mortgage Association, Federal Home Loan Mortgage, and Federal Farm Credit was rated A-1+.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities for the School District's repurchase agreements are held by The Federal Reserve Bank of Cleveland, Ohio, not in the name of the School District.

Concentration of Credit Risk. The School District places no limit on the amount the School District may invest in any one issuer. As of June 30, 2007 the School District had 54.2% invested in U.S. agencies, 2.4% in Repurchase Agreements, 1.6% in Money Markets and 41.8% in STAROhio.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006, and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. Tangible personal property is currently being phased out and will be eliminated by 2011. Tangible

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personal property is assessed at 12.5% for 2007. 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 School District receives property taxes from Mahoning, Trumbull, Portage, and Columbiana Counties. The Mahoning County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2007, are available to finance fiscal year 2007 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, 2007, 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 at June 30, 2007, was \$10,620 in the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	<u>2006 Second- Half Collections</u>		<u>2007 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$3,255,890,030	91.58%	\$3,309,787,243	93.02%
Public Utility	127,364,130	3.58	132,357,360	3.72
Tangible Personal Property	<u>171,738,464</u>	<u>4.84</u>	<u>115,827,360</u>	<u>3.26</u>
Total Assessed Value	<u>\$3,554,992,624</u>	<u>100.00%</u>	<u>\$3,557,971,963</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.10		\$2.10	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007, consisted of accounts (insurance recovery and tuition) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

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<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
E-Rate	\$4,248
Special Revenue Funds:	
Food Service	9,555
Adult Education	<u>1,260</u>
Total Special Revenue Funds	<u>10,815</u>
Grand Total	<u>\$15,063</u>

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance at</u> <u>6/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>6/30/07</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$125,000	\$0	\$0	\$125,000
Construction in Progress	<u>0</u>	<u>1,039,691</u>	<u>0</u>	<u>1,039,691</u>
Total Capital Assets, Not Being Depreciated	<u>125,000</u>	<u>1,039,691</u>	<u>0</u>	<u>1,164,691</u>
Capital Assets, being depreciated				
Land Improvements	21,264	0		21,264
Buildings and Improvements	8,008,025	0	(540,462)	7,467,563
Furniture and Equipment	5,876,679	52,728	(2,132,135)	3,797,272
Vehicles	<u>549,756</u>	<u>48,600</u>	<u>0</u>	<u>598,356</u>
Total Capital Assets, being depreciated	<u>14,455,724</u>	<u>101,328</u>	<u>(2,672,597)</u>	<u>11,884,455</u>
Less Accumulated Depreciation:				
Land Improvements	(6,432)	(635)	0	(7,067)
Buildings and Improvements	(5,864,318)	(177,600)	16,040	(6,025,878)
Furniture and Equipment	(3,976,744)	(494,089)	1,839,256	(2,631,577)
Vehicles	<u>(399,289)</u>	<u>(60,213)</u>	<u>0</u>	<u>(459,502)</u>
Total Accumulated Depreciation	<u>(10,246,783)</u>	<u>(732,537)*</u>	<u>1,855,296</u>	<u>(9,124,024)</u>
Total Capital Assets, being depreciated, Net	<u>4,208,941</u>	<u>(631,209)</u>	<u>(817,301)</u>	<u>2,760,431</u>
Governmental Activities Capital Assets, Net	<u>\$4,333,941</u>	<u>\$408,482</u>	<u>(\$817,301)</u>	<u>\$3,925,122</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 65,958
Vocational	481,181
Adult	34,599
Support Services:	
Pupil	42,314

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Instructional Staff	31,415
Administration	16,242
Fiscal	8,836
Operation and Maintenance of Plant	45,139
Pupil Transportation	6,801
Operation of Non-Instructional Services	<u>52</u>
 Total Depreciation Expense	 <u>\$732,537</u>

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded insurance coverage in the last three years. During fiscal year 2007, the School District contracted for the following insurance coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Coverage provided by Ohio School Plan:	
Property/Boiler and Machinery (\$1,000 deductible)	\$33,544,553
Inland Marine (\$1,000 deductible)	2,000,000
Fleet Insurance, single limit (\$500 deductible—comprehensive and collision)	2,000,000
Aircraft (\$1,000 deductible)	257,500
Crime (\$1,000 deductible)	50,000
Coverage provided by The Ohio School Plan:	
General Liability	
In aggregate	\$3,000,000
Per Occurrence	1,000,000

B. Workers' Compensation

For calendar year 2007, the School District participated in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16).

C. Employee Medical Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of twelve Mahoning County school districts. Rates are set through an annual calculation process. The School District pays a monthly

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contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$762.24 for family coverage and \$310.88 for single coverage per employee per month.

Dental and prescription drug insurance are also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$40.70 monthly on a composite basis. Monthly premiums for prescription drug insurance are \$221.52 for family coverage and \$97.19 for single coverage. The plan utilizes a \$5 minimum and \$10 maximum for staff.

Vision coverage is provided through Vision Service Plan. Monthly premiums for vision coverage are \$27.48.

NOTE 10 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions to SERS Ohio for the fiscal years ended June 30, 2007, 2006 and 2005 were \$171,125, \$170,179, and \$167,717, respectively; 87.2 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System

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

Plan Options - New members have a choice of three retirement plan options. In addition to

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the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among nine investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

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

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

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

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

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

A Defined Benefit or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2007, were 10 percent of covered payroll for members and 14 percent for employers. The District's required contributions to STRS Ohio for the fiscal years ended June 30, 2007, 2006 and 2005 were \$644,442, \$613,820, and \$535,026, respectively; 88.9 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Member and employer contributions actually made for Defined Contribution and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2007 *Comprehensive Annual Financial Report* will be available after January 1, 2008.

Additional information or copies of STRS Ohio's 2006 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH

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43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose social security or the SERS or STRS Ohio. As of June 30, 2007, one board of education member has elected social security. The board's liability is 6.2 percent of wages paid.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established as \$35,800. For the School district, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$54,325.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. Health care benefits are financed on a pay as you go basis. Net health care costs for the year ending June 30, 2006, were \$158,651,207. The number of participants eligible to receive benefits was 59,492. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. At June 30, 2006 the value of the health care fund was \$295.6 million, which is about 221 percent of next year's projected net health care costs of. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs.

B. State Teachers Retirement System

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.),

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the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal years ended June 30, 2006 and June 30, 2005 the board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2006, one percent of covered payroll was allocated to the fund. The balance in the Health Care Stabilization Fund was \$3.35billion on June 30, 2006.

For the year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000. There were 119,184 eligible benefit recipients.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

C. Retirement Incentive

In addition to severance benefits and STRS pension benefits, a maximum of eight certified employees who complete thirty years of service and retire as of June 30, 2007 or June 30, 2008 will be offered a one-time retirement incentive of \$8,500. Payment of the benefit will be

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in a lump sum in July following retirement into a Health Reimbursement Account.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

A. Area Cooperative Computerized Educational Service System/ACCESS Council

The Area Cooperative Computerized Educational Service System/ACCESS Council (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties. The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. ACCESS is governed by the ACCESS Council, a regional council of governments organized under Ohio law, pursuant to a written agreement entered into by the ACCESS Council's members and bylaws adopted by representatives of the members. The ACCESS Council is governed by an elected Board consisting of the superintendents of the educational service centers of each county and two superintendents and a school district treasurer elected by an assembly of representatives of the members voting in caucus by county.

All of ACCESS and the ACCESS Council's revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Council based upon a per pupil charge. The School District paid \$11,252 to ACCESS during fiscal year 2007. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

B. MAC Tech Prep Consortium

The MAC Tech Prep Consortium is a cooperative effort between the School District, the thirteen county districts, Youngstown State University and Youngstown City School District to support programs in business, engineering and health technology through business, industry, labor and educational personnel. All of the consortium revenues are from state and federal grants. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President or designee of Youngstown State University and representatives of business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

C. Ohio Schools Council

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

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In fiscal year 2007, the District participated in the Council's electric energy program. This program allows school districts to purchase electricity at reduced rates. The participants make monthly payments based on estimated usage. At the end of the fiscal year, these estimated monthly payments are compared to their actual usage and any necessary adjustments are made.

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

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year ended June 30, 2007, were as follows:

	Principal Outstanding <u>6/30/06</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/07</u>	Amounts Due In <u>One Year</u>
Intergovernmental Payable	\$16,569	\$0	(\$16,569)	\$0	\$0
Compensated Absences	<u>1,051,691</u>	<u>94,229</u>	<u>(41,078)</u>	<u>1,104,842</u>	<u>55,406</u>
Total General Long-Term Obligations	<u>\$1,068,260</u>	<u>\$94,229</u>	<u>(\$57,647)</u>	<u>\$1,104,842</u>	<u>\$55,406</u>

Compensated absences and intergovernmental payables will be paid from the fund from which the person is paid.

NOTE 15 - CONTINGENCIES

A. Grants:

The School District receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation:

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

NOTE 16 - PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

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

B. Ohio School Plan

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

C. Shared Risk Pool

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

NOTE 17 – SET-ASIDE CALCULATION

The School District is required by State statute to annually set aside in the General Fund an amount based on 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Textbook/ Instructional Materials</u>	<u>Capital Improvements</u>
Set-aside balance as of June 30, 2006	(\$5,271,305)	\$0
Current year set-aside requirement	86,060	86,060
Qualifying disbursements	<u>(600,421)</u>	<u>(314,563)</u>
Total	<u>(\$5,785,666)</u>	<u>(\$228,503)</u>
Balance carried forward to FY 2007	<u>(\$5,785,666)</u>	<u>\$0</u>

Mahoning County Career & Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Cash Balance at June 30, 2007 \$0 \$0

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

NOTE 18 - INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2007 the General Fund transferred a total of \$94,932 to other nonmajor governmental funds for these purposes.

NOTE 19 – SCHOOL FUNDING COURT DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Mahoning County Career & Technical Center
Canfield, OH 44406

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mahoning County Career & Technical Center (the Center), as of and for the year ended June 30, 2007, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 28, 2007. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Center's financial statements that is more than inconsequential will not be prevented or detected by the Center's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Center in a separate letter dated December 28, 2007.

This report is intended solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 28, 2007

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

Board of Education
Mahoning County Career & Technical Center
Canfield, OH 44406

Compliance

We have audited the compliance of the Mahoning County Career & Technical Center (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 are applicable to its major federal program for the year ended June 30, 2007. The Center's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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 are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs, as items 2007-01 and 2007-02.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133* (continued)

federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2007-01 and 2007-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The Center's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Center's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 28, 2007

**Mahoning County Career and Technical Center
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass through Entity Identifying Number	Receipts	Disbursements
<u>U. S. Department of Agriculture</u>				
<i>Passed through Ohio Department of Education</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	051243-LLP4-2007	\$46,222	\$46,222
National School Lunch Program	10.555	051243-LLP4-2006	15,315	15,315
Total National School Lunch Program			<u>61,537</u>	<u>61,537</u>
School Breakfast Program	10.553	051243-05PU-2007	17,085	17,085
School Breakfast Program	10.553	051243-05PU-2006	1,567	1,567
Total School Breakfast Program			<u>18,652</u>	<u>18,652</u>
Total Child Nutrition Cluster			<u>80,189</u>	<u>80,189</u>
Food Donation	10.550	----	6,013	9,908
Total U. S. Department of Agriculture			<u>86,202</u>	<u>90,097</u>
<u>U. S. Department of Education</u>				
Student Financial Assistance Programs Cluster:				
Federal Pell Grant Program	84.063	----	41,369	41,369
<i>Passed Through Ohio Department of Education:</i>				
Safe and Drug Free Schools and Communities - State Grants	84.186	051243-DRS1-2007	943	943
State Grants for Innovative Programs	84.298	051243-C2S1-2007	706	706
Improving Teacher Quality State Grants	84.367	051243-TRS1-2007	2,758	2,758
Adult Education -State Grant Program	84.002	051243-ABS1-2007	172,592	171,461
Vocational Education-Basic Grants to States	84.048	051243-20A0-2006	8,998	18,798
Vocational Education-Basic Grants to States	84.048	051243-20C1-2007	419,105	419,105
Vocational Education-Basic Grants to States	84.048	051243-20C2-2007	86,247	86,247
Total Vocational Education - Basic Grants to States			<u>514,350</u>	<u>524,150</u>
Total U. S. Department of Education			<u>732,718</u>	<u>741,387</u>
Total Federal Assistance			<u>\$818,920</u>	<u>\$831,484</u>

The accompanying notes to this Schedule are an integral part of this Schedule.

MAHONING COUNTY CAREER & TECHNICAL CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Center's federal award programs. The Schedule has been prepared on the cash basis of accounting. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and disbursed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2007, the Center had no food commodities in inventory.

NOTE C – FEDERAL PELL GRANT

The Pell Grant is recorded as tuition.

MAHONING COUNTY CAREER & TECHNICAL CENTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the basic financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the basic financial statement level?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the basic financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the basic financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control over major programs reported?	Yes
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	Yes

MAHONING COUNTY CAREER & TECHNICAL CENTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(CONTINUED)**

(d)(1)(vii)	Major Program:	Vocational Education – Basic Grants to State, CFDA #84.048
(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

Federal Program: Vocational Education – Basic Grants to States

Identification Number: 051243-20C2-2006

CFDA Number: 84.048

Federal Agency: U.S. Department of Education

Pass Through Entity: Ohio Department of Education

2007-01 Noncompliance/Significant Deficiency

Criteria: 34 CFR 80.20 states accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant.

Condition Found: The Center reported expenditures of \$99,818.04 on their Final Expenditure Report. The Center’s ledgers show \$95,235.14 for the period 8/1/05 (substantially approved date) through 8/24/06 (FER LEA superintendent/authorized representative approved date).

Questioned Cost: The Center reported \$4,582.90 more in cash basis disbursements than the ledgers reflect from the substantially approved date through the final expenditures report date.

Effect: The Center did not present accurate, current, and complete information.

MAHONING COUNTY CAREER & TECHNICAL CENTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(CONTINUED)**

Recommendations: The Center should report actual expenditures authorized by the approved project application and charges to the project special cost center.

Corrective Action: **Contact Person: Blaise Karlovic, Treasurer**

The Center did present accurate, current and complete information for the FY 06 grants based on the period of July 1, 2005 through June 30, 2006. Expenditures were charged to the grants in July, 2005 however the substantially approved (effective) date was August, 2005. The effective date was delayed for one month due to the following sequence of events. The Superintendent completed the draft of the grant on June 30, 2005, however the draft was returned to the Superintendent by the Treasurer on July 8, 2005 solely due to budgeted items being in the wrong object code. The draft was revised and completed by the Superintendent on July 12th and approved by the Treasurer on July 15th. Due to professional meetings and vacations the grant was not approved by the Superintendent until August 1, 2005. In an effort to ensure that funds were budgeted in the appropriate object code a delay in the effective date ensued. Center officials are aware of the significance of the substantially approved date and are certain that this was an isolated occurrence. The substantially approved date for subsequent grants has been July 1st.

Federal Program: Vocational Education – Basic Grants to States

Identification Number: 051243-20C1-2006

CFDA Number: 84.048

Federal Agency: U.S. Department of Education

Pass Through Entity: Ohio Department of Education

2007-02 Noncompliance/Significant Deficiency

Criteria: 34 CFR 80.20 states accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant.

MAHONING COUNTY CAREER & TECHNICAL CENTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(CONTINUED)**

Condition Found: The Center reported expenditures of \$437,443.37 on their Final Expenditure Report. The Center's ledgers show \$414,722.62 for the period 8/1/05 (substantially approved date) through 8/24/06 (FER LEA superintendent/authorized representative approved date).

Questioned Costs: The Center reported \$22,720.75 more in cash basis disbursements than the ledgers reflect from the substantially approved date through the final expenditure report date.

Effect: The Center did not present accurate, current, and complete information.

Recommendations: The Center should report actual expenditures authorized by the approved project application and charges to the project special cost center.

Corrective Action: **Contact Person: Blaise Karlovic, Treasurer**

The Center did present accurate, current and complete information for the FY 06 grants based on the period of July 1, 2005 through June 30, 2006. Expenditures were charged to the grants in July, 2005 however the substantially approved (effective) date was August, 2005. The effective date was delayed for one month due to the following sequence of events. The Superintendent completed the draft of the grant on June 30, 2005, however the draft was returned to the Superintendent by the Treasurer on July 8, 2005 solely due to budgeted items being in the wrong object code. The draft was revised and completed by the Superintendent on July 12th and approved by the Treasurer on July 15th. Due to professional meetings and vacations the grant was not approved by the Superintendent until August 1, 2005. In an effort to ensure that funds were budgeted in the appropriate object code a delay in the effective date ensued. Center officials are aware of the significance of the substantially approved date and are certain that this was an isolated occurrence. The substantially approved date for subsequent grants has been July 1st.



Mary Taylor, CPA
Auditor of State

MAHONING COUNTY CAREER AND TECHNICAL CENTER

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2008**