



**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2012



Dave Yost • Auditor of State

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	9
Statement of Activities.....	10
Balance Sheet – Governmental Funds	11
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds.....	15
Notes to the Basic Financial Statements	17
Budgetary Comparison Schedule – General Fund	35
Notes to the Required Supplementary Information.....	36
Federal Awards Receipts and Expenditures Schedule.....	39
Notes to the Federal Awards Receipts and Expenditures Schedule	40
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41
Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A133	43
Schedule of Findings	45

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INDEPENDENT ACCOUNTANTS' REPORT

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064-9554

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof 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 March 1, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

March 1, 2013

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)**

The discussion and analysis of the Tolles Career & Technical Center (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review 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 2012 are as follows:

Overall:

- Total net assets in Governmental Activities were \$21,294,777, an increase of \$1,613,686 from the comparable amount at June 30, 2011.
- The General Fund reported a positive fund balance of \$7,141,486 according to the Balance Sheet.
- In the 2007 fiscal year, the Madison County Budget Commission approved the reinstatement of the portion of the District's effective millage which was temporarily reduced in January, 2003. Effective January 1, 2007, the District's effective property tax millage was increased from .5 mills to 1.3 mills. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills. The reinstatement of the final .3 millage results in an approximate annual increase in annual property tax revenues of approximately \$1.54 million.

Using this Annual Financial Report

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole 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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. In the case of the District, the general fund is by far the most significant fund.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2012. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)**

In the *Statement of Net Assets and the Statement of Activities*, the District reports on the following activity type:

- **Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental fund is the General Fund.

Governmental Funds: The District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The District's basic services are reported in these funds and focus on how money flows into and out of those funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's operations. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.

The District as a Whole

The District financial health remains stable. The District's Net Asset balance at June 30, 2012 was \$21.3 million, with \$8.4 million in unrestricted net assets available to meet future District obligations.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)**

Net Assets - Governmental Activities

	<u>2012</u>	<u>2011</u>
Current assets	\$ 16,178,177	\$ 14,540,153
Non-current	<u>16,853,406</u>	<u>17,377,784</u>
Total assets	<u>33,031,583</u>	<u>31,917,937</u>
Current liabilities	6,836,457	6,578,772
Long-term liabilities	<u>4,900,349</u>	<u>5,658,074</u>
Total liabilities	<u>11,736,806</u>	<u>12,236,846</u>
Net Assets:		
Invested in capital, net of debt	12,562,835	12,529,389
Restricted	303,866	241,328
Unrestricted	<u>8,428,076</u>	<u>6,910,374</u>
Total net assets	<u>\$ 21,294,777</u>	<u>\$ 19,681,091</u>

Net assets increased by \$1,613,686 due to timing of payments of real estate "taxes available," as well as management's continued emphasis of containing cost. In Ohio, the portion of property taxes legally available as an advance, on the future August real estate settlement, by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. The certified amounts of taxes available for advance were approximately \$3.5 million, \$2.9 million and \$2.8 million at June 30, 2012, 2011, and 2010 respectively. This timing resulted in an increase in property tax revenues in 2012 of \$.6 million in fiscal 2012.

Non-current assets decreased by \$524,378 primarily due to depreciation on existing assets.

Long-term liabilities decreased by \$757,757 primarily due to repayment of existing debt.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)**

Change in Net Assets - Governmental Activities

	<u>2012</u>	<u>2011</u>
Program revenues:		
Charges for services	\$ 599,419	\$ 608,626
Operating grants	702,360	707,757
General revenues:		
Property taxes	9,147,856	7,734,066
Grants and entitlements	3,305,491	3,457,303
Other	<u>389,161</u>	<u>321,139</u>
Total revenues	<u>14,144,287</u>	<u>12,828,891</u>
Program expenses:		
Instructional:		
Regular	1,689,477	1,756,509
Special	1,192,015	1,110,422
Vocational	3,810,065	4,213,160
Adult/Continuing	308,207	368,995
Other	168,130	166,082
Support services:		
Pupils	833,756	840,235
Instructional staff	1,048,648	1,123,998
Board of education	95,370	85,529
Administration	972,037	900,375
Fiscal	383,331	402,909
Operation & maintenance of plant	1,410,765	1,463,515
Pupil transportation	21,707	17,080
Central	50,056	27,245
Operation of non-instructional services	325,983	351,484
Extra-curricular activities	35,277	37,246
Interest	<u>185,777</u>	<u>206,019</u>
Total expenses	<u>12,530,601</u>	<u>13,070,803</u>
Increase (decrease) in Net Assets	<u>\$ 1,613,686</u>	<u>\$ (241,912)</u>

Property taxes and grants and entitlement represent 88.0 percent of total District revenues. Program revenues for governmental activities are 9.2 percent of total revenues and are primarily represented by charges for tuition and fees and restricted intergovernmental revenues.

The major program expense for governmental activities is for instruction, which is 57.2 percent of all governmental expenses. The decrease in the District expenses in 2012 were a result of management's continued emphasis of containing cost.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)**

Governmental Activities

The table below indicates the total cost of services and the net cost of services for the governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlement.

Programs	Total Cost of Services		Net Cost of Service	
	2012	2011	2012	2011
Instruction	\$ 7,167,894	\$ 7,615,168	\$ 6,258,067	\$ 6,715,521
Support services:				
Pupil and instructional staff	1,882,404	1,964,233	1,830,817	1,911,182
Board of education, administration, fiscal and business	1,450,738	1,388,813	1,447,077	1,388,813
Operation & maintenance of plant	1,410,765	1,463,515	1,410,765	1,463,515
Pupil transportation	21,707	17,080	21,707	8,058
Central	50,056	27,245	50,056	24,970
Operation of non-instructional services	325,983	351,484	(10,721)	(904)
Extracurricular activities	35,277	37,246	35,277	37,246
Interest	185,777	206,019	185,777	206,019
Total	\$ 12,530,601	\$ 13,070,803	\$ 11,228,822	\$ 11,754,420

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,071,899 and expenditures of \$12,844,439 in 2012. The net change in fund balance in the General fund for the year was an increase of \$1,241,460.

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 budgeted fund is the General Fund.

During the course of fiscal 2012, the District amended its general fund budget as needed.

Final budgeted expenditures in the amount of \$15,961,852 were \$4,981,182 more than actual expenditures. The District generally over appropriates in case unexpected expenditures arise during the fiscal year. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$10,980,670, \$1,115,602 below revenues.

Capital Assets

At the end of fiscal 2012, the District had \$16,703,406 invested in land, buildings, equipment, and vehicles (net of accumulated depreciation); all in governmental activities. Beginning in late fiscal year 2007 the District began a \$9,500,000 construction & renovation project that was funded by the issuance of \$6.5 million various purpose general obligation bonds and available cash balances. See Debt below.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)**

Note 6 provides additional details regarding capital assets.

Debt

On September 27, 2007 the Board of Education issued \$6,590,000 in un-voted general obligation bonds for the purpose of renovating, constructing and improving the existing school facilities. \$650,000 of these bonds were for the purchase and installation of energy conservation measures. In fiscal 2012 the District made principal payments of \$655,000 on the aforementioned debt.

Current Issues

The District remains stable in a declining economy and uncertainty in State funding. The District covers a diverse area that includes suburban residential areas as well as farming communities in Franklin, Madison, Union, Delaware and Fayette Counties.

The District has maintained an excellent financial position over the last 30 years. In 1972, a 1.8 mill continuing levy was passed. Because of significant growth in the District over the years the millage had been reduced. The last reduction was from 1.1 mill to .5 mill effective January 1, 2003. Effective January 1, 2007, the District's effective property tax millage was increased from .5 mills to 1.3 mills. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

Contacting the District's Financial Office

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for monies it receives. Questions concerning any information in this report or requests for additional information should be directed to Pamela J. Orr, Treasurer, 7877 US Highway 42 South, Plain City, Ohio 43064.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Equity in pooled cash and cash equivalents -	
Cash & investments	\$ 5,974,325
Materials and supplies inventory	94,450
Accounts receivable	62,137
Due from other governments	117,531
Prepaid items	17,195
Property taxes receivable	9,823,104
Deferred charges	89,435
Nondepreciable capital assets	150,000
Depreciable capital assets, net	16,703,406
TOTAL ASSETS	\$ 33,031,583
LIABILITIES	
Accounts payable	\$ 71,450
Accrued wages and benefits	779,871
Due to other governments	229,626
Interest payable	13,807
Unearned revenue	5,741,703
Long-term Liabilities:	
Due within one year	868,359
Due in more than one year	4,031,990
TOTAL LIABILITIES	11,736,806
NET ASSETS	
Invested in capital assets, net of related debt	12,562,835
Restricted for:	
Capital projects	185,988
Other purposes	117,878
Unrestricted	8,428,076
TOTAL NET ASSETS	\$ 21,294,777

The notes to the financial statements are an integral part of this statement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instructional services:				
Regular	\$ 1,689,477	\$ -	\$ -	\$ (1,689,477)
Special	1,192,015	-	370,922	(821,093)
Vocational	3,810,065	194,811	-	(3,615,254)
Adult/Continuing	308,207	205,390	138,704	35,887
Other	168,130	-	-	(168,130)
Support services:				
Pupils	833,756	-	19,088	(814,668)
Instructional staff	1,048,648	-	32,499	(1,016,149)
Board of education	95,370	-	-	(95,370)
Administration	972,037	-	3,661	(968,376)
Fiscal	383,331	-	-	(383,331)
Operation & maintenance of plant	1,410,765	-	-	(1,410,765)
Pupil transportation	21,707	-	-	(21,707)
Central	50,056	-	-	(50,056)
Operation of Non-Instructional services	325,983	199,218	137,486	10,721
Extracurricular student activities	35,277	-	-	(35,277)
Interest	185,777	-	-	(185,777)
Totals	\$ 12,530,601	\$ 599,419	\$ 702,360	\$ (11,228,822)

General revenues:

Property taxes levied for -	
General purposes	9,147,856
Grants and entitlements not restricted to specific programs	3,305,491
Investment earnings	43,321
Miscellaneous	345,840
Total general revenues	<u>12,842,508</u>
 Change in Net Assets	 1,613,686
 Net Assets Beginning of Year	 <u>19,681,091</u>
Net Assets End of Year	<u>\$ 21,294,777</u>

The notes to the financial statements are an integral part of this statement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General	Other Governmental Funds	Total
ASSETS			
Equity and Pooled Cash and Cash Equivalents	\$ 5,680,055	\$ 294,270	\$ 5,974,325
Materials and supplies inventory	82,679	11,771	94,450
Accounts receivable	58,232	3,905	62,137
Intergovernmental receivable	-	117,531	117,531
Prepaid items	17,195	-	17,195
Property taxes receivables	9,823,104	-	9,823,104
<i>TOTAL ASSETS</i>	<u>\$ 15,661,265</u>	<u>\$ 427,477</u>	<u>\$ 16,088,742</u>
LIABILITIES			
Accounts payable	\$ 51,568	\$ 19,882	\$ 71,450
Accrued wages and benefits	704,681	75,190	779,871
Intergovernmental payables	202,961	26,665	229,626
Deferred revenue	6,297,438	-	6,297,438
Compensated absences	21,671	-	21,671
<i>TOTAL LIABILITIES</i>	<u>7,278,319</u>	<u>121,737</u>	<u>7,400,056</u>
FUND BALANCES			
Non-spendable			
Inventories	82,679	11,771	94,450
Prepaid Item	17,195	-	17,195
Restricted for:			
Adult Education	-	58,943	58,943
Federal Grants	-	2,755	2,755
State Grants	-	37,193	37,193
Other purposes	-	11,502	11,502
Capital Projects	-	185,988	185,988
Assigned	228,213	-	228,213
Unassigned	8,054,859	(2,412)	8,052,447
<i>TOTAL FUND BALANCES</i>	<u>8,382,946</u>	<u>305,740</u>	<u>8,688,686</u>
<i>TOTAL LIABILITIES & FUND BALANCES</i>	<u>\$ 15,661,265</u>	<u>\$ 427,477</u>	<u>\$ 16,088,742</u>

The notes to the financial statements are an integral part of this statement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

Total Governmental Fund Balances \$ 8,688,686

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

Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds. 16,853,406

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

Property taxes	555,735
Deferred charges, net	89,435

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Interest payable	(13,807)
Compensated absences	(498,672)
Premium, net	(93,007)
Bonds payable	(4,165,000)
Capital lease obligations	(121,999)

Net Assets of Governmental Activities \$ 21,294,777

The notes to the financial statements are an integral part of this statement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	General	Other Governmental Funds	Total
REVENUES:			
Taxes	\$ 9,089,023	\$ -	\$ 9,089,023
Intergovernmental	3,320,927	686,924	4,007,851
Interest	43,321	-	43,321
Tuition and fees	194,811	205,390	400,201
Charges for services	-	199,218	199,218
Miscellaneous	318,348	13,937	332,285
TOTAL REVENUES	12,966,430	1,105,469	14,071,899
EXPENDITURES:			
Current:			
Instructional services:			
Regular	1,654,968	750	1,655,718
Special	827,837	370,537	1,198,374
Vocational	3,329,773	-	3,329,773
Adult/Continuing	-	310,818	310,818
Other instruction	133,934	34,196	168,130
Support services:			
Pupils	791,906	19,647	811,553
Instructional staff	1,180,222	26,680	1,206,902
Board of education	95,370	-	95,370
Administration	881,859	4,182	886,041
Fiscal	387,977	-	387,977
Operation & maintenance of plant	1,374,665	-	1,374,665
Pupil transportation	21,707	-	21,707
Central	48,250	1,800	50,050
Operation of Non-Instructional services	-	307,923	307,923
Extracurricular	34,815	-	34,815
Debt service:			
Principal repayment	31,950	655,000	686,950
Interest	9,511	178,781	188,292
Capital outlay	129,381	-	129,381
TOTAL EXPENDITURES	10,934,125	1,910,314	12,844,439
<i>Excess (deficiency) of revenues over expenditures</i>	2,032,305	(804,845)	1,227,460
OTHER FINANCING SOURCES (USES):			
Transfers in	-	933,781	933,781
Transfers out	(933,781)	-	(933,781)
Issuance of capital lease obligations	129,381	-	129,381
Sale of capital assets	13,555	-	13,555
TOTAL OTHER FINANCING SOURCES (USES)	(790,845)	933,781	142,936
NET CHANGE IN FUND BALANCES	1,241,460	128,936	1,370,396
FUND BALANCES AT BEGINNING OF YEAR (RESTATED)	7,141,486	176,804	7,318,290
FUND BALANCE AT END OF YEAR	\$ 8,382,946	\$ 305,740	\$ 8,688,686

The notes to the financial statements are an integral part of this statement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Net Changes in Fund Balances - Total Governmental Funds **\$ 1,370,396**

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

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

Capital outlay	\$ 432,726	
Depreciation	<u>1,027,221</u>	(594,495)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	58,833
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Repayment of bonds and lease payable are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net assets and does not result in expenses in the statement of activities.	686,950
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due.	2,260
--	-------

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

Compensated absences		148,751
Loss on disposal of assets		(59,264)
Amortization, net		
Amortization of bond premium	6,643	
Amortization of bond issuance costs	<u>(6,388)</u>	
Amortization, net		255

Change in Net Assets of Governmental Activities	<u><u>\$ 1,613,686</u></u>
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The notes to the financial statements are an integral part of this statement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>Agency</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 12,031
<i>TOTAL ASSETS</i>	<u>12,031</u>
LIABILITIES	
Due to Others	<u>12,031</u>
<i>TOTAL LIABILITIES</i>	<u>\$ 12,031</u>

The notes to the financial statements are an integral part of this statement.

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**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Note 1. Description of the School District and Reporting Entity

Reporting Entity

The Tolles Career & Technical Center (the District) was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The District had been supported by a 1.6 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program. At the request of the District's Board of Education, the Madison County Budget Commission reduced the District's continuing operating mills to .5 mills effective January, 2003. On November 20, 2006, the Madison County Budget Commission agreed to reinstate the District's millage to 1.3 mills effective January 1, 2007. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The District provides job training leading to employment upon graduation from high school. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

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

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool and with the Metropolitan Educational Council (MEC), a jointly governed organization. These organizations are presented in Notes 13 and 14 to the basic financial statements

Note 2. Summary of Significant Accounting Policies

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the 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 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 District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants 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 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 District.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Fund Types

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 balances. The District has one major governmental fund:

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary fund is an agency fund. An agency fund is purely custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Measurement Focus/Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the 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 reflects on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund 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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the 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 District, available means expected to be received within sixty days of the fiscal year-end.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Revenues - Exchange and Non-Exchange Transactions (Continued)

Nonexchange transactions, in which the 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue

Unearned 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, 2012, but which were levied to finance year 2013 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

Expenses/Expenditures

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

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". During the fiscal year all investments were limited to certificates of deposit, repurchase agreements, the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities.

Nonparticipating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

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 the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2012. For the District, all investment earnings accrue to the General and Special Revenue Funds as authorized by board resolution.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

F. Inventories

Inventories are presented at cost which is determined on a first-in, first-out basis. Inventory is recorded as an expenditure/expense when used.

Inventories consist of donated and purchased food, and supplies held for resale, and materials and supplies for consumption.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items.

H. Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values on the date donated. The District maintains capitalization at \$300. The District does not have 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 capital assets except land 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 Building Improvements	15 – 30 years
Furniture and Fixtures	5 – 20 years
Vehicles	5 – 15 years
Equipment	6 – 20 years

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

I. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as interfund receivables/payables. Interfund balances within governmental activities are eliminated on the government wide statement of net assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits as well as those that are probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Capital leases are recognized as a liability on the fund financial statements when due.

L. Interfund Transactions

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

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. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

M. Fund Balance Reserves and Designations

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Non-spendable-resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted-resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed-resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned-resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned-residual fund balance within the General Fund that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classification could be used.

N. 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 balance of any borrowing 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. 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.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 3. Cash and Investments

A. Cash

The investment and deposit of the District's monies is governed by the provisions of the ORC. In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAR Ohio. During fiscal year 2012, investments were limited to STAR Ohio, repurchase agreements, CDs, and federal agency securities. Earnings on investments are credited to the General Fund except earnings specifically related to the Capital Projects Fund, Food Service Fund, and the Agency Fund which is in compliance with ORC Section 3315.01. In fiscal 2012 total investment income of \$43,321 was recorded in the General Fund.

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 the Securities Exchange Commission as an investment company, but does operate in a manner similar to 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, 2012.

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During 2012 the District and public depositories complied with the provisions of these statutes.

B. Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a 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 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.

At June 30, 201, the carrying amount of all District deposits, inclusive of \$1,900,000 in certificates of deposits, was \$5,985,296. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2012, \$3,855,301 of the District's bank balance of \$6,289,389 was exposed to custodial risk as discussed above, while \$2,434,088 was covered by Federal Deposit Insurance Corporation. Additionally the District had \$1,010 of cash on hand.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 3. Cash and Investments (Continued)

C. Investments

As of June 30, 2012, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
STAROhio	\$ 50	50	-	-	-

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District limits investment portfolio maturities to two years or less.

Credit Risk. The District does not have a formal policy limiting credit risk. Standard & Poor's has assigned StarOhio an AAAm money market rating.

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer.

Note 4. Property Tax

Property taxes are levied, assessed and collected on a calendar year basis, while the District's fiscal year runs from July through June. They include amounts levied against all real, public utility, and tangible personal property located in the member's District boundaries. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is usually due January 20, with the remainder payable June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 12.5 percent of its true value. Amounts paid by multi-county taxpayers may be paid annually or semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Beginning in tax year 2006, the tax on tangible personal property is being phased out for most businesses. In tax year 2006, the assessment percentage for machinery and equipment, inventory, and furniture and fixtures was reduced to 18.75 %; in tax year 2007, to 12.5%; in tax year 2008, 6.5%; and for tax year 2009 and thereafter, 0%.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Madison, Franklin, Union, Delaware and Fayette Counties. Tax settlements are made each February and August for real property and each June and October for personal property taxes.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 4. Property Tax (Continued)

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of fiscal year end, and for which there was an enforceable legal claim. Although, total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year end. The receivable is offset by a credit to unearned revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2012 was \$3,525,666 in the General Fund. Accrued property taxes receivable also includes amounts for any late personal property tax settlements made by the Counties.

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

The full tax rate at the fiscal year ended June 30, 2012 for operations was \$1.60 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2012 taxes were collected were as follows:

Real Property - Commercial/Industrial	\$	1,511,862,710
Real Property - Residential/Agricultural		4,937,638,640
Personal Property - General		148,430,650
Total Assessment Vaue	<u>\$</u>	<u>6,597,932,000</u>

Note 5. Receivables

Receivables at June 30, 2012 consisted of taxes, accounts (tuition and student fees), interest, and intergovernmental grants and entitlements. 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 guarantee of federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

Governmental Activities	<u>Amount</u>
Other Governmental Funds:	
Able Grant	12,448
Adult Education	37,571
Carl D. Perkins Grant	56,893
Misc. Federal Grants	<u>10,619</u>
Total Governmental Activities	<u>\$ 117,531</u>

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 6. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
Capital Assets used in:				
Governmental Activities				
Nondepreciable capital assets-				
Land	150,000	-	-	150,000
Total nondepreciable capital assets	<u>150,000</u>	-	-	<u>150,000</u>
Depreciable capital assets:				
Building and building improvements	21,734,590	-	-	21,734,590
Furniture and equipment	7,097,290	562,107	391,764	7,267,633
Vehicles	181,242	-	1,800	179,442
Total depreciable capital assets	<u>29,013,122</u>	<u>562,107</u>	<u>393,564</u>	<u>29,181,665</u>
Accumulated depreciation:				
Building and building improvements	7,830,033	514,410	-	8,344,443
Furniture and equipment	3,866,597	506,700	332,500	4,040,797
Vehicles	88,708	6,111	1,800	93,019
Total accumulated depreciation	<u>11,785,338</u>	<u>1,027,221</u>	<u>334,300</u>	<u>12,478,259</u>
Total depreciable capital assets, net	<u>17,227,784</u>	<u>(465,114)</u>	<u>59,264</u>	<u>16,703,406</u>
Total governmental activities capital assets, net	<u>17,377,784</u>	<u>(465,114)</u>	<u>59,264</u>	<u>16,853,406</u>

Depreciation expense was charged to governmental functions as follows:

Instructional:	
Regular	\$ 24,191
Special	6,293
Vocational	789,633
Adult/Continuing	617
Support services:	
Pupil	28,705
Instructional staff	82,483
Administration	23,402
Fiscal	1,916
Operation and maintenance of plant	51,453
Central	6
Other operation of non-instructional services	18,060
Extra curricular activities	462
Total depreciation	<u>\$ 1,027,221</u>

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 7. Long-Term Obligations

Changes in the District's long-term obligations during fiscal year 2012 were as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amount Due in One Year
Governmental Activities					
General obligations bonds	4,820,000	-	655,000	4,165,000	680,000
Premium on issuance of general obligations bonds	99,650	-	6,643	93,007	6,643
Capital Leases Payable	24,568	129,381	31,950	121,999	24,568
Compensated absences payable	<u>647,423</u>	<u>-</u>	<u>148,751</u>	<u>498,672</u>	<u>140,261</u>
Total Governmental Activities Long-term Obligation	<u>5,591,641</u>	<u>129,381</u>	<u>842,344</u>	<u>4,878,678</u>	851,472
Current compensated absences payable					21,671
Amount due in one year on the Statement of Net Assets					<u>873,143</u>

On September 27, 2007 the Board of Education issued \$6,590,000 in un-voted general obligation bonds for the purpose of renovating, constructing and improving the existing school facilities. A portion of these bonds, \$650,000, were for the purchase and installation of energy conservation measures, which were initially, paid from existing General Fund monies. As a result, proceeds of \$650,000 were recorded in the General Fund. Bond issuance costs of \$121,375 were incurred in conjunction with the issuance. The effective interest rate on the bonds outstanding is 3.8%.

The following is a schedule of the future annual debt service requirements for the general obligation bonds:

Year	Principal
2013	\$ 680,000
2014	705,000
2015	735,000
2016	655,000
2017	680,000
2018	710,000
Total	<u>\$ 4,165,000</u>

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 8. Capital Leases

The District entered into a capital lease agreement in fiscal 2012 and retired a previous agreement early. The new agreement is for six copiers with a total value of \$129,381. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments made from governmental funds on the leases in 2012 and 2011 were \$21,456 and \$21,456, respectively.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments of June 30, 2012:

Year	Governmental Activities
2013	\$ 37,392
2014	37,392
2015	37,392
2016	37,392
2017	21,772
Total	171,340
Less: Amount representing interest	(49,341)
Present Value of Net Minimum Lease Payments	121,999

Note 9. Interfund Assets/Liabilities

As of June 30, 2012, there were no interfund receivables and payables.

Note 10. Defined Benefit Pension Plans

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 provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone comprehensive annual financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. DC and Combined Plan members will transfer to the DB plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

The DB Plan benefits are established under Chapter 3307 of the Ohio 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 members' three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% 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% with an additional one-tenth of a percent added to the calculation for every year over 31 years until 100% of the final average salary is reached.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 10. Defined Benefit Pension Plans (Continued)

State Teachers Retirement System (Continued)

For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5%. Under the money-purchase benefit, members' lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3% of the original base amount.

The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. Benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. 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 members' designated beneficiary is entitled to receive the member's account balance.

Combined Plan offers features of the DC Plan and the DB Plan. Member contributions are allocated to investments selected by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Plan members' defined benefit is determined by multiplying 1% of the members' final average salary by the members' years of service credit. The defined benefit portion of the Combined Plan is payable to members 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.

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

For fiscal year ended June 30, 2012 members were required to contribute 10% of their annual covered salary and the District was required to contribute 14%. Member and employer contributions were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14% contributed by the District, 13% was the portion used to fund pension obligations.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2012, 2011, and 2010 were \$764,420, \$740,684, and \$747,106, respectively; 100% of the required contributions. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 10. Defined Benefit Pension Plans (Continued)

School Employees Retirement System (Continued)

The report can be obtained by contacting SERS, 300 E. Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free 1-800-878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% 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 Retirement Board, acting with the advice of the actuary, allocated the current employer contribution rate amount for the four funds (Pension Trust, Death Benefit, Medicare B, and Health Care Funds) of the system. For the fiscal year ending 2011 (latest information available), it was determined the employer contribution rate to pension and death benefits to be 12.7%, with the remaining 1.3% of the 14% employer contribution rate allocated to the Health Care and Medicare B funds. The District's contributions to SERS for the years ended June 30, 2012, 2011, and 2010 were \$223,888, \$179,567, and \$159,932, respectively; 100% of the required contributions.

Note 11. Postemployment Benefits

Ohio law authorizes STRS to offer a cost-sharing, multiple employer health care plan to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care. For the fiscal years ended June 30, 2012, 2011 and 2010, the District's contributions to post-employment health care were \$54,601, \$52,906, and \$53,365; respectively.

SERS administers two post-employment benefit plans, the Medicare Part B Plan and the Health Care Plan as permitted by Ohio Revised Code Sections 3309.69 and 3309.375. The Medicare Part B Plan reimburses for Medicare Part B premiums paid by eligible retirees. The Health Care Plan provides health care and prescription drug plans administered by two third-party administrators. The Retirement Board establishes rules for premiums paid by retirees for health care coverage and varies depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The Health Care Fund and Medicare Part B Fund are funded through employer contributions. Each year after allocation for required benefits the Retirement Board allocates the remainder of the employers' 14% contribution. The Health Care Fund was established and administered in accordance with the Internal Revenue Code Section 401h. At June 30, 2008 (the most recent information available) the health care allocation was 4.18%. In addition, employers pay a surcharge for employees earning less than the actuarially determined amount.

For fiscal year ended June 30, 2012, the District's contribution to the Health Care Plan, including the surcharge, was \$51,492.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 12. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements, Board policies and State laws. Only administrative and twelve month school support personnel accumulate vacation based on the following factors:

<u>Years of Service</u>	<u>Vacation Days</u>
After 1 Year	10
5 or more Years	15
10 or more Years	20

All administrative personnel earn twenty days vacation annually.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees is 325 days. Upon retirement, all employees with 20 year of service to the District receive 27% of accumulated sick leave. All other qualified employees receive 25% of accumulated sick leave.

Note 13. Risk Management

A. General Risk

The 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. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$3,000,000 for each occurrence and \$5,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$3,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$46,590,061 (subject to scheduled limits). The District maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions of coverage from the prior years.

B. Workers' Compensation-Public Entity Risk Pool

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13. Risk Management (Continued)

B. Workers' Compensation-Public Entity Risk Pool (Continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Employee Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Council insurance purchasing program. The District has elected to provide employee medical/surgical benefits through United HealthCare and dental benefits through Oasis Trust, fully funded programs.

Note 14. Jointly Governed Organizations

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District.

Note 15. Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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 District at June 30, 2012.

B. Litigation

There are currently no matters in litigation with the District as defendant.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 16. Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2012, the reserve activity was as follows:

	Capital Maintenance Reserve
Set-Aside Cash Balance as of July 1, 2011	-
Current Year Set-Aside Requirement	101,652
Qualifying Disbursements	<u>(408,303)</u>
Total	<u><u>(306,651)</u></u>
Cash Balance Carried Forward to Fiscal Year 2013	<u>-</u>

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero. These amounts may be used to reduce the set-aside requirement of future years. Negative amounts, however, are not presented as being carried forward to the next fiscal year.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 8,303,224	\$ 8,303,224	\$ 8,455,477	\$ 152,253
Intergovernmental	3,304,536	3,304,536	3,320,927	16,391
Interest	50,000	50,000	52,873	2,873
Tuition and fees	195,672	195,672	194,811	(861)
Miscellaneous	30,000	30,000	72,184	42,184
TOTAL REVENUES	11,883,432	11,883,432	12,096,272	212,840
EXPENDITURES:				
Current:				
Instructional services:				
Regular	1,770,783	1,771,098	1,668,792	102,306
Special	815,300	845,200	820,588	24,612
Vocational	3,568,551	3,591,209	3,197,679	393,530
Other	151,724	151,725	133,860	17,865
Support services:				
Pupils	5,194,196	4,937,699	825,381	4,112,318
Instructional staff	1,315,176	1,326,277	1,259,417	66,860
Board of education	87,757	109,976	99,324	10,652
Administration	1,018,751	1,073,902	960,201	113,701
Fiscal	441,744	441,745	397,642	44,103
Operation & maintenance of plant	1,495,995	1,556,296	1,508,932	47,364
Pupil transportation	20,000	21,800	21,707	93
Central	32,500	85,557	47,512	38,045
Extracurricular	49,367	49,368	39,635	9,733
TOTAL EXPENDITURES	15,961,844	15,961,852	10,980,670	4,981,182
<i>Excess (deficiency) of revenues over expenditures</i>	(4,078,412)	(4,078,420)	1,115,602	5,194,022
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,000,000)	(1,000,000)	(933,781)	66,219
Advances in	-	-	40,628	40,628
Advances out	-	-	(10,628)	(10,628)
Other	-	-	13,555	13,555
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	(1,000,000)	(890,226)	109,774
NET CHANGE IN FUND BALANCES	(5,078,412)	(5,078,420)	225,376	5,303,796
Prior year encumbrances appropriated	140,909	140,909	140,909	-
FUND BALANCES AT BEGINNING OF YEAR (RESTATED)	4,937,520	4,937,520	4,937,520	-
FUND BALANCE AT END OF YEAR	\$ 17	\$ 9	\$ 5,303,805	\$ 5,303,796

See notes to required supplementary information.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE A - BUDGETARY DATA

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

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

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual column presented on the Budgetary Comparison Schedule – General Fund is prepared in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis); and
- D. Investments are recorded at cost (budget basis) as opposed to fair value (GAAP basis).

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE B - RECONCILING BUDGET BASIS AND GAAP (Continued)

A reconciliation of the General Fund results of operations at the end of the year on the GAAP basis to the budget basis follows:

	Changes in Fund Balance	
GAAP Basis		\$ 1,241,460
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals		(818,150)
Expenditure Accruals		(86,887)
Funds Budgeted Elsewhere		(11,666)
Other financing Sources/(Uses)		(99,381)
Budget Basis		<u>\$ 225,376</u>

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TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
School Breakfast Program	2012	10.553	\$ 4,550	\$ 4,550
National School Lunch Program	2012	10.555	16,130	16,130
Cash Assistance:				
School Breakfast Program	2012	10.553	22,256	22,256
National School Lunch Program	2012	10.555	78,681	78,681
<i>Total Nutrition Cluster</i>			<u>121,617</u>	<u>121,617</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>121,617</u>	<u>121,617</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Federal Pell Grant Program	2012	84.063	42,550	42,550
<i>Passed Through Ohio Department of Education:</i>				
Adult and Community Ed - ABLE	2011	84.002	2,500	2,500
Adult and Community Ed - ABLE	2012	84.002	39,740	39,740
<i>Total Adult and Community Ed - ABLE</i>			<u>42,240</u>	<u>42,240</u>
Career and Tech ED - Basic - CDP	2011	84.048	66,062	53,844
Career and Tech ED - Basic - CDP	2012	84.048	321,290	378,183
<i>Total Career and Tech ED - Basic - CDP</i>			<u>387,352</u>	<u>432,027</u>
Improving Teacher Quality State Grants	2012	84.367	2,382	3,427
Rural Ed Achievement Program	2011	84.358	15,112	12,625
Rural Ed Achievement Program	2012	84.358	39,846	54,291
<i>Total Rural Ed Achievement Program</i>			<u>54,958</u>	<u>66,916</u>
Race to the Top - Ohio Resident Educator Program - ARRA	2012	84.395	700	700
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>530,182</u>	<u>587,860</u>
TOTALS			<u>\$ 651,799</u>	<u>\$ 709,477</u>

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 1, 2013.

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

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

Dave Yost
Auditor of State

March 1, 2013



Dave Yost • Auditor of State

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

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

Compliance

We have audited the compliance of the Tolles Career and Technical Center, Madison County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

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

In our opinion, the Tolles Career and Technical Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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

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

Dave Yost
Auditor of State

March 1, 2013

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

TOLLES CAREER & TECHNICAL CENTER

MADISON 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 26, 2013**