



Dave Yost • Auditor of State



**ASHTABULA COUNTY TECHNICAL & CAREER CENTER  
ASHTABULA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ashtabula County Technical & Career Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To The Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Technical & Career Center, Ashtabula County, Ohio (the Career Center), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Career Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Career Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

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 Ashtabula County Technical & Career Center, Ashtabula County, Ohio, as of June 30, 2013, and the respective changes in financial position where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*. 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary Information*

Our audit was conducted to opine on the Career Center's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule present additional analysis and is not a required part of basic financial statements.

The Federal Awards Receipts and Expenditures Schedule present additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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  
Columbus, Ohio

March 17, 2014

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## Ashtabula County Technical and Career Center

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

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As management of the Ashtabula County Technical and Career Center (the Career Center), we offer readers of the Career Center's financial statements this narrative overview and analysis of the financial activities of the Career Center for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

### Financial Highlights

- Net Position of governmental activities decreased in fiscal year 2013 due to a decrease in cash and cash equivalents as a result of a reduction in revenue and an increase in expenditures and decreases in capital assets due to an additional year of depreciation.
- The Career Center is committed to meeting the academic needs of our students. During fiscal year 2013, the Career Center's total expenditures increased mainly due to increases in vocational instruction and operation and maintenance of plant expenses.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Career Center's basic financial statements. The Career Center's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

**Government-wide Financial Statements** The government-wide financial statements are designed to provide the reader with a broad overview of the Career Center's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Career Center's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Career Center is improving or deteriorating.

The *statement of activities* presents information showing how the Career Center's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguishes functions of the Career Center that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The Career Center has no business-type activities. The governmental activities of the Career Center include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Career Center, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These fund financial statements focus on the Career Center's most significant funds. The

## Ashtabula County Technical and Career Center

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

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Career Center's major governmental funds are the general fund and the permanent improvement capital projects fund. All of the funds of the Career Center can be divided into two categories: governmental and fiduciary.

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

The basic fund financial statements can be found on pages 15-19 of this report.

*Fiduciary Fund* The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the Career Center's own programs. These funds use the accrual basis of accounting.

The basic fiduciary fund financial statement can be found on page 20 of this report.

***Notes to the Basic Financial Statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-44 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the Career Center's net position for 2013 compared to 2012.

**Ashtabula County Technical and Career Center**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

(Table 1)  
Net Position  
Governmental Activities

	2013	2012	Change
<b>Assets</b>			
Current and Other Assets	\$14,341,372	\$15,070,988	(\$729,616)
Capital Assets	5,056,357	5,329,799	(273,442)
<i>Total Assets</i>	<u>19,397,729</u>	<u>20,400,787</u>	<u>(1,003,058)</u>
<b>Liabilities</b>			
Current Liabilities	1,485,076	1,192,779	(292,297)
Long-Term Liabilities			
Due within One Year	244,066	142,874	(101,192)
Due in More than One Year	461,412	692,975	231,563
<i>Total Liabilities</i>	<u>2,190,554</u>	<u>2,028,628</u>	<u>(161,926)</u>
<b>Deferred Inflows of Resources</b>	<u>2,940,457</u>	<u>2,610,287</u>	<u>(330,170)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	5,056,357	5,329,799	(273,442)
Restricted for:			
Capital Projects	2,846,966	3,436,273	(589,307)
Other Purposes	920,474	923,419	(2,945)
Unrestricted	5,442,921	6,072,381	(629,460)
<i>Total Net Position</i>	<u>\$14,266,718</u>	<u>\$15,761,872</u>	<u>(\$1,495,984)</u>

As one can see from the very small decrease in overall net position, the Career Center continues to provide the services that the Career Center citizens expect while maintaining the costs of providing those services during the current economic recession. Overall assets have decreased due to the decrease in cash and cash equivalents as well as a decrease in capital assets due to another year of depreciation.

The largest portion of the Career Center's net position is subject to external restrictions on how they may be used, and therefore is restricted on the statement of net position. An additional portion of the Career Center's net position is unrestricted. It may be used to meet the Career Center's ongoing obligations to citizens and creditors.

The vast majority of revenue supporting all activities is general revenue. The most significant portion of the general revenue is the grants and entitlements not restricted to specific programs. Ashtabula County Technical and Career Center proactively seeks out federal and State funding sources in the forms of grants to ensure that programs of the Career Center are properly funded. The remaining source of revenue lies in program revenues which are restricted in use to a specific program.

At the end of the current fiscal year, the Career Center is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

**Ashtabula County Technical and Career Center**

*Management's Discussion and Analysis  
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Table 2 shows the changes in net position for fiscal year 2013 compared to 2012.

(Table 2)  
Change in Net Position  
Governmental Activities

	2013	2012	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$1,149,232	\$1,220,301	(\$71,069)
Operating Grants and Contributions	2,979,230	2,888,618	90,612
Capital Grants	106,892	125,304	(18,412)
<b>Total Program Revenues</b>	<b>4,235,354</b>	<b>4,234,223</b>	<b>1,131</b>
<b>General Revenues</b>			
Property Taxes	3,819,116	4,441,220	(622,104)
Grants and Entitlements not Restricted	5,916,168	6,175,239	(259,071)
Investment Earnings	35	29,487	(29,452)
Miscellaneous	56,393	112,160	(55,767)
<b>Total General Revenues</b>	<b>9,791,712</b>	<b>10,758,106</b>	<b>(966,394)</b>
<b>Total Revenues</b>	<b>14,027,066</b>	<b>14,992,329</b>	<b>(965,263)</b>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	818,859	893,859	75,000
Special	784,818	499,295	(285,523)
Vocational	6,644,769	5,893,388	(751,381)
Adult/Continuing	2,067,368	2,365,333	297,965
Student Intervention Services	295,150	270,933	(24,217)
Support Services:			
Pupils	585,945	560,919	(25,026)
Instructional Staff	1,393,951	1,532,062	138,111
Board of Education	62,977	51,239	(11,738)
Administration	946,371	1,081,277	134,906
Fiscal	409,782	410,839	1,057
Business	86,957	82,757	(4,200)
Operation and Maintenance of Plant	1,101,290	1,009,652	(91,638)
Pupil Transportation	18,459	27,277	8,818
Central	22,616	26,492	3,876
Extracurricular Activities	18,974	18,620	(354)
Operation of Non-Instructional Services:			
Food Service Operations	260,121	266,972	6,851
Other Non-Instructional Services	3,813	6,733	2,920
<b>Total Program Expenses</b>	<b>15,522,220</b>	<b>14,997,647</b>	<b>(524,573)</b>
<b>Change in Net Position</b>	<b>(1,495,154)</b>	<b>(5,318)</b>	<b>(1,489,836)</b>
Net Position Beginning of Year	15,761,872	15,767,190	(5,318)
<b>Net Position End of Year</b>	<b>\$14,266,718</b>	<b>\$15,761,872</b>	<b>(\$1,495,154)</b>

**Ashtabula County Technical and Career Center**

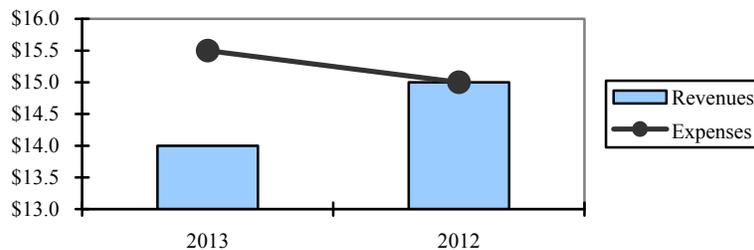
*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

**Graph 1**

Revenues and Expenses  
(In Millions)

	2013	2012
Revenues	\$14.0	\$15.0
Expenses	15.5	15.0

**Revenues and Expenses  
(in millions)**



The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although Career Centers experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay less than \$35.00 and the Career Center would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus career centers dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property tax revenues decreased due to a decrease in collections for the year. Intergovernmental revenue decreased as well due to the conclusion of Federal award programs, resulting in a net decrease in revenues.

Overall, the Career Center experienced an increase in program expenses from the prior fiscal year. Instruction expenses comprise the largest portion of all program expenses for the Career Center. These expenses pay for teacher salary and benefits which increase at set levels every year through negotiated agreements. These increases are offset by the hiring of personnel lower on the pay scale.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for 2013 compared to 2012.

**Ashtabula County Technical and Career Center**  
*Management's Discussion and Analysis*  
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(Table 3)  
 Total and Net Cost of Program Services  
 Governmental Activities

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$10,610,964	\$7,296,693	\$9,922,808	\$6,814,305
Support Services:				
Pupils and Instructional Staff	1,979,896	1,805,406	2,092,981	1,785,062
Board of Education, Administration, Fiscal and Business	1,506,087	1,024,674	1,626,112	1,103,840
Operation and Maintenance of Plant	1,101,290	1,101,290	1,009,652	1,005,572
Pupil Transportation	18,459	18,459	27,277	27,277
Central	22,616	20,816	26,492	24,692
Extracurricular Activities	18,974	15,574	18,620	(13,399)
Operation of Non- Instructional Services:				
Food Service Operations	260,121	22,264	266,972	9,342
Other Non-Instructional Services	3,813	(18,310)	6,733	6,733
<i>Total Expenses</i>	<u>\$15,522,220</u>	<u>\$11,286,866</u>	<u>\$14,997,647</u>	<u>\$10,763,424</u>

The dependence upon general revenues for governmental activities is apparent as local property tax and grants and entitlements account for a majority of total revenues in fiscal year 2013.

**Financial Analysis of the Government's Funds**

**Governmental Fund.** Information about the Career Center's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,371,559 and expenditures of \$15,379,149. The total governmental fund balance decreased \$1,007,590. The net change in the governmental fund balance for the year was most significant in the permanent improvement capital projects fund for fiscal year 2013.

Key factors in the decrease of fund balance for the permanent improvement capital projects major fund is the costs associated with new construction projects undertaken during the prior fiscal year. The general fund balance decreased compared to the previous fiscal year due to a decrease in intergovernmental revenue from the conclusion of State award programs. Overall liabilities decreased due to management keeping a close watch on spending, resulting in a decrease in the general fund balance.

**Ashtabula County Technical and Career Center**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

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**General Fund Budgeting Highlights**

Budgeting is prescribed by the Ohio Revised Code. Essentially, the budget is the Career Center's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Revised Code. During the course of fiscal year 2013, the Career Center amended its general fund budget numerous times to allow for insignificant amendments. Actual revenues received were slightly lower than the certification primarily due to the receipt of lower State Foundation and miscellaneous revenue than expected. Actual expenditures were significantly less than final appropriations due mainly to the diligence of management to keep costs low while still providing the services the Career Center citizens expect.

**Capital Assets and Long-term Liabilities**

**Capital Assets.** The following table shows fiscal year 2013 values compared to fiscal year 2012.

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

	2013	2012	Change
Land	\$153,226	\$153,226	\$0
Construction in Progress	0	1,817,106	(1,817,106)
Land Improvements	179,560	180,232	(672)
Buildings and Improvements	3,108,997	1,364,532	1,744,465
Furniture, Equipment and Fixtures	1,470,288	1,655,829	(185,541)
Vehicles	144,286	158,874	(14,588)
Total	<u>\$5,056,357</u>	<u>\$5,329,799</u>	<u>(\$273,442)</u>

The Career Center capital asset acquisitions during the fiscal year included the completion of a new administration building, furniture, equipment, and fixtures and vehicles. The new administration building will provide organization and safety to the students. This increase was offset by a current year of depreciation. Additional information on the Career Center's capital assets can be found in Note 10 of the basic financial statements.

For fiscal year 2000, a change in Ohio law required Career Centers to set aside three percent of certain revenues for capital improvements. For fiscal year 2013, this amounted to \$119,171. Additional information on the Career Center's set-aside requirement can be found in Note 20 of the basic financial statements.

**Long-term Liabilities.** At June 30, 2013, the Career Center had only compensated absences for long-term obligations. The Career Center's overall liability decreased \$130,371 from \$835,849 to \$705,478. Additional information on the Career Center's long-term liabilities can be found in Note 16 of the basic financial statements.

## Ashtabula County Technical and Career Center

*Management's Discussion and Analysis  
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Unaudited*

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### **Current Financial Related Activities**

Ashtabula County Technical and Career Center is strong financially. As the preceding information shows, the Career Center heavily depends on its property taxpayers. The Career Center has passed two levies that will allow the continuation of its education programs. The Career Center has a total of 4.11 mills levied; all of which are continuing millage as of June 30, 2013.

A .5 Mill Current Expense Renewal Tax Levy for three years, beginning with the tax list and duplicate for 2004 and ending in 2006, was passed on November 7, 2003, the proceeds of this levy would be available to the Career Center in calendar years 2005-2007. The purpose of this levy is to provide for the current operating expenses of the Career Center. It passed by a margin of 58 percent for the levy and 42 percent against the levy. This same levy was renewed as a continuing levy on November 7, 2006 and passed by a margin of 57 percent for the levy and 43 percent against the levy.

The Certificate of Estimated Property Tax Revenue from the Ashtabula County Auditor estimates the annual property tax revenue that will be produced by the levy is calculated to be \$677,161, assuming the tax valuation of the subdivision remains constant throughout the life of the levy. The tax valuation used was \$1,709,278,030.

A .3 Mill Permanent Improvement Renewal Tax Levy for five years, beginning with the tax list and duplicate for 2005 and ending in 2009, passed November 2, 2004, the proceeds of this levy would be available to the Career Center in calendar years 2006-2010. The purpose of this levy is for paying costs of improving and rehabilitating school facilities, acquiring and rehabilitating furnishings and equipment and equipping and otherwise improving school sites. It passed by a margin of 57 percent for the levy and 43 percent against the levy. This same levy was replaced as a continuing levy on November 3, 2009 and passed by a margin of 59 percent for the levy and 41 percent against the levy.

The Certificate of Estimated Property Tax Revenue from the Ashtabula County Auditor estimates the annual property tax revenue that will be produced by the levy is calculated to be \$593,396, assuming the tax valuation of the subdivision remains constant throughout the life of the levy. The tax valuation used was \$1,862,326,237.

With the passage of these levies the Career Center has been able to continue its educational programs. However, financially the future is not without challenges. While the Career Center was successful in maintaining its tax revenue base during the past few years, this does not constitute an actual increase. Some of the challenges include the unpredictable future of the State funding and the struggle to keep a competitive salary scale to retain quality personnel. Another example is seen in low interest rates being very good for issuing debt, but not attractive for maintaining investment revenues. Thus management must diligently plan expenses, staying carefully within the Career Center's five-year forecast.

Property valuations provide no significant increase in future revenues. Any increases in property tax revenues, along with questionable increases in State foundation payments, may help to keep up with increased costs. However, personal property tax is being phased out, and although there will be revenue reimbursement during a "hold-harmless period" and a new Commercial Activity Tax has been instituted, it is very difficult to project personal property tax due to the complexity of deregulation, phase-outs, tax loss reimbursements, and the continually changing laws regarding this item. But our enrollment is dependent on many factors and the Career Center must work hard to maintain its current enrollment, as we do not have a "captive audience" of automatic students enrolling. Right now we are in a two year State budget cycle where enrollment does not play a part in our Foundation payment. We got a straight .75 percent increase each year

**Ashtabula County Technical and Career Center**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

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in funding for fiscal years 2010, 2011 and fiscal year 2012 was held at the 2011 levels while the State determines how to fund Career Technical Education. With its major sources of revenue somewhat keeping pace with expenditure increases, the Career Center must still be vigilant to continue current operations. However, the Career Center cannot look to the State of Ohio for increased revenue.

The scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Due to continued program expansion and an aging campus, the Career Center has set aside funds for the construction of a new building for the Vocational Readiness and Buildings and Grounds Programs started in fiscal year 2011. This project was completed in fiscal year 2013.

In addition, the Career Center's system of budgeting and internal controls is well regarded. All of the Career Center's financial abilities will be needed to meet the challenges of the future.

**Contacting the Career Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mary Ann Wayman, Treasurer at Ashtabula County Technical and Career Center, 1565 State Route 167, Jefferson, Ohio 44047.

**Ashtabula County Technical and Career Center**

*Statement of Net Position*

*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$9,008,507
Accrued Interest Receivable	6,340
Accounts Receivable	52,848
Intergovernmental Receivable	166,865
Inventory Held for Resale	8,787
Materials and Supplies Inventory	37,417
Property Taxes Receivable	5,060,608
Nondepreciable Capital Assets	153,226
Depreciable Capital Assets, Net	<u>4,903,131</u>
<i>Total Assets</i>	<u>19,397,729</u>
<b>Liabilities</b>	
Accounts Payable	144,929
Accrued Wages and Benefits	964,920
Contracts Payable	133,014
Intergovernmental Payable	101,506
Matured Compensated Absences Payable	140,707
Long-Term Liabilities:	
Due Within One Year	244,066
Due in More Than One Year	<u>461,412</u>
<i>Total Liabilities</i>	<u>2,190,554</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>2,940,457</u>
<b>Net Position</b>	
Net Investment in Capital Assets	5,056,357
Restricted for:	
Capital Projects	2,846,966
Other Purposes	920,474
Unrestricted	<u>5,442,921</u>
<i>Total Net Position</i>	<u><u>\$14,266,718</u></u>

See accompanying notes to the basic financial statements

**Ashtabula County Technical and Career Center**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2013*

	Program Revenues			Capital Grants	Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$818,859	\$0	\$0	\$0	(\$818,859)
Special	784,818	0	137,998	0	(646,820)
Vocational	6,644,769	166,569	474,468	0	(6,003,732)
Adult/Continuing	2,067,368	648,918	1,613,459	0	195,009
Student Intervention Services	295,150	0	272,859	0	(22,291)
Support Services:					
Pupils	585,945	0	63,316	0	(522,629)
Instructional Staff	1,393,951	59,390	51,784	0	(1,282,777)
Board of Education	62,977	0	0	0	(62,977)
Administration	946,371	159,210	215,311	0	(571,850)
Fiscal	409,782	0	0	106,892	(302,890)
Business	86,957	0	0	0	(86,957)
Operation and Maintenance of Plant	1,101,290	0	0	0	(1,101,290)
Pupil Transportation	18,459	0	0	0	(18,459)
Central	22,616	0	1,800	0	(20,816)
Extracurricular Activities	18,974	0	3,400	0	(15,574)
Operation of Non-Instructional Services:					
Food Service Operations	260,121	98,656	139,201	0	(22,264)
Other Non-Instructional Services	3,813	16,489	5,634	0	18,310
<b>Totals</b>	<b>\$15,522,220</b>	<b>\$1,149,232</b>	<b>\$2,979,230</b>	<b>106,892</b>	<b>(11,286,866)</b>

**General Revenues**

Property Taxes Levied for:

  General Purposes 3,373,300  
  Capital Outlay 445,816

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings 35  
Miscellaneous 56,393

**Total General Revenues 9,791,712**

Change in Net Position (1,495,154)

*Net Position Beginning of Year* 15,761,872

***Net Position End of Year* 14,266,718**

See accompanying notes to the basic financial statements

**Ashtabula County Technical and Career Center**

*Balance Sheet  
Governmental Funds  
June 30, 2013*

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,025,957	\$2,750,423	\$1,225,568	\$9,001,948
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	6,559	0	0	6,559
Receivables:				
Property Taxes	4,462,300	598,308	0	5,060,608
Accounts	17,228	0	35,620	52,848
Intergovernmental	18,421	0	148,444	166,865
Interfund Receivable	400,558	0	0	400,558
Accrued Interest Receivable	6,340	0	0	6,340
Inventory Held for Resale	0	0	8,787	8,787
Materials and Supplies Inventory	36,200	0	1,217	37,417
<i>Total Assets</i>	<u>\$9,973,563</u>	<u>\$3,348,731</u>	<u>\$1,419,636</u>	<u>\$14,741,930</u>
<b>Liabilities</b>				
Accounts Payable	\$71,812	\$19,456	\$53,661	\$144,929
Accrued Wages and Benefits	864,573	0	100,347	964,920
Contracts Payable	0	133,014	0	133,014
Intergovernmental Payable	75,518	0	25,988	101,506
Interfund Payable	0	0	400,558	400,558
Matured Compensated Absences Payable	140,707	0	0	140,707
<i>Total Liabilities</i>	<u>1,152,610</u>	<u>152,470</u>	<u>580,554</u>	<u>1,885,634</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	2,591,162	349,295	0	2,940,457
Unavailable Revenue	446,765	59,296	68,054	574,115
<i>Total Deferred Inflows of Resources</i>	<u>3,037,927</u>	<u>408,591</u>	<u>68,054</u>	<u>3,514,572</u>
<b>Fund Balances:</b>				
Nonspendable	42,759	0	1,217	43,976
Restricted	0	2,787,670	951,540	3,739,210
Assigned	791,886	0	0	791,886
Unassigned (Deficit)	4,948,381	0	(181,729)	4,766,652
<i>Total Fund Balances</i>	<u>5,783,026</u>	<u>2,787,670</u>	<u>771,028</u>	<u>9,341,724</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,935,636</u>	<u>\$2,940,140</u>	<u>\$1,351,582</u>	<u>\$11,227,358</u>

See accompanying notes to the basic financial statements

**Ashtabula County Technical and Career Center**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2013*

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<b>Total Governmental Funds Balances</b>	<b>\$9,341,724</b>
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*Amounts reported for governmental activities in the statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,056,357
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Taxes	491,384
Intergovernmental	61,096
Charges for Services	14,677
Tuition	6,892
Miscellaneous	66

Total	574,115
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Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(705,478)
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<i>Net Position of Governmental Activities</i>	<u><u>\$14,266,718</u></u>
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See accompanying notes to the basic financial statements

**Ashtabula County Technical and Career Center**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$3,677,658	\$489,419	\$0	\$4,167,077
Intergovernmental	5,916,168	106,892	2,974,243	8,997,303
Interest	0	0	35	35
Charges for Services	53,893	0	388,559	442,452
Tuition and Fees	107,300	0	570,826	678,126
Extracurricular Activities	0	0	16,489	16,489
Rentals	6,402	0	0	6,402
Contributions and Donations	0	0	7,232	7,232
Miscellaneous	42,047	0	14,396	56,443
<i>Total Revenues</i>	<u>9,803,468</u>	<u>596,311</u>	<u>3,971,780</u>	<u>14,371,559</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	805,989	0	0	805,989
Special	490,875	0	293,690	784,565
Vocational	4,503,994	0	367,059	4,871,053
Adult/Continuing	0	0	2,070,320	2,070,320
Student Intervention Services	0	0	295,150	295,150
Support Services:				
Pupils	471,095	0	112,276	583,371
Instructional Staff	1,274,542	0	182,268	1,456,810
Board of Education	62,977	0	0	62,977
Administration	614,532	0	442,497	1,057,029
Fiscal	395,667	10,461	715	406,843
Business	86,269	0	605	86,874
Operation and Maintenance of Plant	1,070,886	0	869	1,071,755
Pupil Transportation	15,119	0	0	15,119
Central	20,156	0	1,800	21,956
Extracurricular Activities	0	0	18,974	18,974
Operation of Non-Instructional Services:				
Food Service Operations	0	0	259,588	259,588
Non-Instructional Services	413	0	3,400	3,813
Capital Outlay	75,409	1,431,554	0	1,506,963
<i>Total Expenditures</i>	<u>9,887,923</u>	<u>1,442,015</u>	<u>4,049,211</u>	<u>15,379,149</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(84,455)</u>	<u>(845,704)</u>	<u>(77,431)</u>	<u>(1,007,590)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	300,000	20,000	320,000
Transfers Out	(320,000)	0	0	(320,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(320,000)</u>	<u>300,000</u>	<u>20,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(404,455)</u>	<u>(545,704)</u>	<u>(57,431)</u>	<u>(1,007,590)</u>
<i>Fund Balances Beginning of Year</i>	<u>6,187,481</u>	<u>3,333,374</u>	<u>828,459</u>	<u>10,349,314</u>
<i>Fund Balances End of Year</i>	<u>\$5,783,026</u>	<u>\$2,787,670</u>	<u>\$771,028</u>	<u>\$9,341,724</u>

See accompanying notes to the basic financial statements

**Ashtabula County Technical and Career Center**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

**Net Change in Fund Balances -Total Governmental Funds** (\$1,007,590)

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

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

Capital Asset Additions	207,854
Current Year Depreciation	<u>(442,724)</u>

Total (234,870)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (38,572)

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

Delinquent Property Taxes	(347,961)
Intergovernmental	(2,245)
Charges for Services	(639)
Tuition	6,326
Miscellaneous	<u>26</u>

Total (344,493)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 130,371

*Change in Net Position of Governmental Activities* (\$1,495,154)

See accompanying notes to the basic financial statements

**Ashtabula County Technical and Career Center**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$3,773,000	\$3,679,000	\$3,677,658	(\$1,342)
Intergovernmental	6,123,464	6,016,564	5,898,032	(118,532)
Interest	24,627	31,227	31,135	(92)
Tuition and Fees	17,000	16,600	12,490	(4,110)
Rentals	4,000	6,400	6,402	2
Miscellaneous	67,100	61,869	41,449	(20,420)
<i>Total Revenues</i>	10,009,191	9,811,660	9,667,166	(144,494)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	971,718	971,718	810,874	160,844
Special	548,605	548,605	490,859	57,746
Vocational	4,813,298	4,813,298	4,491,656	321,642
Support Services:				
Pupils	497,994	497,994	478,997	18,997
Instructional Staff	1,318,415	1,318,415	1,236,689	81,726
Board of Education	92,900	92,900	77,756	15,144
Administration	647,828	647,828	591,501	56,327
Fiscal	446,857	446,857	396,461	50,396
Business	90,270	90,270	85,424	4,846
Operation and Maintenance of Plant	1,278,116	1,278,116	1,095,728	182,388
Pupil Transportation	28,995	28,995	18,738	10,257
Central	40,252	40,252	20,488	19,764
Operation of Non-Instructional Services:				
Other Non-Instructional Services	397	397	0	397
Capital Outlay	124,255	124,255	75,409	48,846
<i>Total Expenditures</i>	10,899,900	10,899,900	9,870,580	1,029,320
<i>Excess of Revenues Under Expenditures</i>	(890,709)	(1,088,240)	(203,414)	884,826
<b>Other Financing Sources (Uses)</b>				
Advances In	250,000	250,000	157,360	(92,640)
Advances Out	(250,000)	(260,500)	(168,558)	91,942
Transfers Out	(500,000)	(489,500)	(330,000)	159,500
<i>Total Other Financing Sources (Uses)</i>	(500,000)	(500,000)	(341,198)	158,802
<i>Net Change in Fund Balance</i>	(1,390,709)	(1,588,240)	(544,612)	1,043,628
<i>Fund Balance Beginning of Year</i>	4,875,912	4,875,912	4,875,912	0
Prior Year Encumbrances Appropriated	331,032	331,032	331,032	0
<i>Fund Balance End of Year</i>	\$3,816,235	\$3,618,704	\$4,662,332	\$1,043,628

See accompanying notes to the basic financial statements

**Ashtabula County Technical and Career Center**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2013*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$23,386</u></u>
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**Liabilities**

Due to Students	<u><u>\$23,386</u></u>
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See accompanying notes to the basic financial statements

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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### **Note 1 - Description of the Career Center**

Ashtabula County Technical and Career Center (the "Career Center") is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The Career Center operates under a seven member Board of Education. Membership is comprised of Board Members from the following Career Centers: Ashtabula Area City (2 representatives), Ashtabula County Educational Service Center (3 representatives), Conneaut Area City (1 representative), and Geneva Area City (1 representative). The Career Center provides job training leading to employment upon graduation from high school. The Career Center fosters cooperative relationships with business and industry, professional organizations, participating Career Centers, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

The Career Center was established in 1965 through the consolidation of existing land areas and Career Centers. The Career Center serves Ashtabula County and parts of Geauga and Trumbull Counties. It is located in Ashtabula County. It is staffed by 31 non-certified employees, 79 certified full-time teaching personnel and 7 administrators who provide services to 1,735 students and many other community members. The Career Center currently operates five instructional buildings and a bus garage.

#### ***Reporting Entity***

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

The reporting entity is comprised of the stand-alone government, component units and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The stand-alone government consists of all funds, departments, agencies and offices that are not legally separate from the Career Center. For Ashtabula County Career and Technical Center, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the Career Center.

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

The Career Center is associated with a jointly governed organization, an insurance purchasing pool and two shared risk pools. These organizations are the Northeast Ohio Management Information Network, the Better Business Bureau of Central Ohio Workers' Compensation Group Rating Program, the Ohio School Plan and the Ashtabula County Schools Council of Governments. These organizations are presented in Notes 17 and 19 to the basic financial statements.

## Ashtabula County Technical and Career Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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### **Note 2 - Summary of Significant Accounting Policies**

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

#### ***Basis of Presentation***

The Career Center's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the Career Center that are governmental and those that are considered business-type activities. The Career Center, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Career Center at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants 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 Career Center, 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 Career Center.

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

#### ***Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

## Ashtabula County Technical and Career Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the Career Center's major governmental funds:

**General Fund** The general fund is the operating fund of the Career Center and is used to account and report for all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the Career Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Permanent Improvement Fund** The permanent improvement fund accounts for property taxes restricted to the acquiring, construction, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

The other governmental funds of the Career Center account for grants and other resources whose uses are restricted, committed or assigned to a particular purpose.

**Fiduciary Fund Type** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. The Career Center had no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for student activities.

### **Measurement Focus**

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

**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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

### **Basis of Accounting**

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

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center unavailable revenue includes delinquent property taxes, intergovernmental, charges for services, tuition and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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### ***Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the special cost center for all funds. The Treasurer has been given the authority to allocate Board appropriations to the function and object level within all funds without resolution by the Board of Education.

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

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

### ***Cash and Cash Equivalents***

To improve cash management, all cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2013, investments were limited to non-negotiable certificates of deposits, federal national mortgage association bonds, federal home loan mortgage corporation notes, federal farmers credit bank bonds and federal home loan bank bonds. Non-negotiable certificates of deposit are reported at cost. Investments are reported at fair value which, is based on quoted market price or current share.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to zero.

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

### ***Inventory***

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

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money required by State statute to be set aside for unclaimed monies.

***Capital Assets***

The Career Center's only capital assets are general capital assets. General capital assets are those assets related to activities reported in the governmental funds. 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 position but are not reported in the fund financial statements.

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	5 years
Buildings and Improvements	10 to 50 years
Furniture, Equipment and Fixtures	15 to 20 years
Vehicles	10 to 20 years

***Interfund Balances***

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

***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 Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are eligible to receive termination benefits and those the Career Center has identified as probable of receiving payment 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 Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for all employees after ten years of teaching and 5 years of service at the Career Center.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

### ***Accrued Liabilities and Long-term Obligations***

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

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

### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include grants and resources restricted for food service operations and extracurricular activities.

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

### ***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the Career Center Board of Education. Those committed amounts cannot be used for any other purpose unless the Career Center Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Career Center Board of Education. In the general fund, assigned amounts represent intended uses established by the Career Center Board of Education or a Career Center official delegated that authority by State Statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Career Center Board of Education assigned fund balance to cover a gap between fiscal year 2014's estimated revenue and appropriated budget.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

### ***Internal Activity***

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

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

### ***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.

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Note 3 – Change in Accounting Principles**

For 2013, the Career Center has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB 14 and 34,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66 “Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any changes in the Career Center’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units’ presentation and certain disclosure requirements. These changes were incorporated in the Career Center’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Career Center’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Career Center’s financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Career Center’s financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Career Center’s financial statements.

**Note 4 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Inventory	\$36,200	\$0	\$1,217	\$37,417
Unclaimed Monies	6,559	0	0	6,559
<b><i>Total Nonspendable</i></b>	<b>42,759</b>	<b>0</b>	<b>1,217</b>	<b>43,976</b>
<b><i>Restricted for</i></b>				
Food Service Operations	0	0	46,897	46,897
Extracurricular Activities	0	0	8,305	8,305
Adult Education	0	0	588,622	588,622
Cosmetology	0	0	35,879	35,879
Nursing Program	0	0	147,139	147,139
Adult Continuing Instruction	0	0	82,628	82,628
Vocational Education	0	0	42,070	42,070
Capital Improvements	0	2,787,670	0	2,787,670
<b><i>Total Restricted</i></b>	<b>0</b>	<b>2,787,670</b>	<b>951,540</b>	<b>3,739,210</b>
<b><i>Assigned to</i></b>				
Purchases on Order	271,359	0	0	271,359
Fiscal Year 2014 Appropriations	489,318	0	0	489,318
Classroom support services	31,209	0	0	31,209
<b><i>Total Assigned</i></b>	<b>791,886</b>	<b>0</b>	<b>0</b>	<b>791,886</b>
<b><i>Unassigned (Deficit)</i></b>	<b>4,948,381</b>	<b>0</b>	<b>(181,729)</b>	<b>4,766,652</b>
<b><i>Total Fund Balances</i></b>	<b>\$5,783,026</b>	<b>\$2,787,670</b>	<b>\$771,028</b>	<b>\$9,341,724</b>

**Note 5 - Accountability**

The other local grants, pell grant and vocational education special revenue funds had deficit fund balances of \$138,713, \$16,396 and \$26,620, respectively at June 30, 2013. The special revenue fund deficits are a result of adjustments for accrued liabilities. The general fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.

**Note 6 - Budgetary Basis of Accounting**

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

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

## Ashtabula County Technical and Career Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
  3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
  4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
  5. Unrecorded cash represents amounts received but not reported by the Career Center on the operating statements (budget), but which is reported on the GAAP basis operating statements.
  6. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).
  7. Budgetary revenues and expenditures of the public school support, uniform school supply, and rotary – customer service funds are classified to the general fund for GAAP Reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$404,455)
Net Adjustment for Revenue Accruals	(10,834)
Beginning Fair Value Adjustment for Investments	(1,849)
Ending Fair Value Adjustment for Investments	32,189
Beginning Unreported Cash	2,372
Advances In	157,360
Perspective Difference:	
Public School Support	3,942
Uniform School Supply	(74)
Rotary - Customer Service	6,074
Net Adjustment for Expenditure Accruals	125,861
Advances Out	(168,558)
Adjustment for Encumbrances	<u>(286,640)</u>
Budget Basis	<u><u>(\$544,612)</u></u>

### **Note 7 - Deposits and Investments**

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

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

## Ashtabula County Technical and Career Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$2,654,575 of the Career Center's bank balance of \$7,052,287 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

## Ashtabula County Technical and Career Center

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

### Investments

As of June 30, 2013, the Career Center had the following investments.

	Fair Value	Maturity	Moody Rating	Percentage of Total Investments
Federal National Mortgage Association Bonds	\$533,284	Less than five years	AAA	24.14 %
Federal Home Loan Mortgage Corporation Notes	493,895	Less than five years	AAA	22.36
Federal Farmers Credit Bank Bonds	199,016	Less than five years	AAA	9.01
Federal Home Loan Bank Bonds	983,074	Less than five years	AAA	44.50
Total Investments	<u>\$2,209,269</u>			

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the Career Center's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the Career Center's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** The Career Center has no investment policy that addresses credit risk.

**Concentration of Credit Risk** The Career Center places no limit on the amount it may invest in any one issuer

### Note 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Career Center. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Ashtabula County. The County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2013 was \$1,439,050 in the general fund and \$189,717 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012 was \$1,439,050 in the general fund and \$189,717 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,665,941,350	94.95 %	\$1,796,968,410	95.02 %
Public Utility Personal	88,675,130	5.05	94,265,140	4.98
Total	<u>\$1,754,616,480</u>	<u>100.00 %</u>	<u>\$1,891,233,550</u>	<u>100.00 %</u>
Full Tax Rate per \$1,000 of Assessed Valuation	\$4.11		\$4.11	

**Note 9 - Receivables**

Receivables at June 30, 2013, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Vocational Education - Carl D. Perkins	\$43,227
Other Local Grants	42,147
Ashtabula Area City School District	34,925
Bureau of Workers Compensation	18,421
Food Service Subsidy	13,813
ABLE Grant	9,216
National School Lunch Grant	3,400
Ashtabula County	1,692
Geneva Area City School District	<u>24</u>
<i>Total Intergovernmental Receivables</i>	<u><u>\$166,865</u></u>

**Note 10 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> 06/30/12	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 06/30/13
<b>Governmental Activities</b>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$153,226	\$0	\$0	\$153,226
Construction in Progress	1,817,106	126,338	(1,943,444)	0
<i>Total Capital Assets not being Depreciated</i>	<u>1,970,332</u>	<u>126,338</u>	<u>(1,943,444)</u>	<u>153,226</u>
<i>Capital Assets being Depreciated:</i>				
Land Improvements	330,875	0	0	330,875
Buildings and Improvements	5,049,786	1,943,444	0	6,993,230
Furniture, Equipment and Fixtures	4,045,907	64,616	(69,751)	4,040,772
Vehicles	387,381	16,900	0	404,281
<i>Total Capital Assets being Depreciated</i>	<u>9,813,949</u>	<u>2,024,960</u>	<u>(69,751)</u>	<u>11,769,158</u>
Less Accumulated Depreciation:				
Land Improvements	(150,643)	(672)	0	(151,315)
Buildings and Improvements	(3,685,254)	(198,979)	0	(3,884,233)
Furniture, Equipment and Fixtures	(2,390,078)	(211,585)	31,179	(2,570,484)
Vehicles	(228,507)	(31,488)	0	(259,995)
<i>Total Accumulated Depreciation</i>	<u>(6,454,482)</u>	<u>(442,724)</u>	<u>31,179</u>	<u>(6,866,027)</u>
<i>Total Capital Assets being Depreciated, Net</i>	<u>3,359,467</u>	<u>1,582,236</u>	<u>(38,572)</u>	<u>4,903,131</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$5,329,799</u></u>	<u><u>\$1,708,574</u></u>	<u><u>(\$1,982,016)</u></u>	<u><u>\$5,056,357</u></u>

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$8,907
Special	3,433
Vocational	349,807
Adult/Continuing	108
Support Services:	
Pupils	1,142
Instructional Staff	14,703
Administration	9,419
Operation and Maintenance of Plant	44,290
Pupil Transportation	3,340
Central	660
Operation of Non-Instructional Services:	
Food Service Operations	6,915
Total Depreciation Expense	<u><u>\$442,724</u></u>

**Note 11 - Interfund Transactions**

***Interfund Transfers***

The transfer from the general fund for \$300,000 to permanent improvement capital projects fund was to set aside funds for a future building project. The transfer from the general fund for \$20,000 to the food service special revenue fund was used for food service operations.

***Interfund Balance***

	Interfund Receivable
	<u>General</u>
Other Governmental Funds:	
Other Local Grants	\$302,158
Vocational Education - Carl D. Perkins	95,000
National School Lunch Grant	3,400
Total All Funds	<u><u>\$400,558</u></u>

The interfund receivables and payables were due to the timing of the receipt of grant monies and the collection of tuition and fees received by the various funds. The general fund provides temporary funding of the program until the grant dollars are received. All interfund receivables will be repaid within one year.

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Note 12 - Risk Management**

***Property and Liability***

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Career Center contracted with Ohio School Plan for various types of insurance. Coverage is as follows:

Coverage	Amount
Blanket Building and Contents (\$1,000 Deductible)	\$29,723,134
Fleet Insurance	1,000,000
General Liability - per Occurrence	1,000,000
Aggregate	7,000,000
Excess Liability	5,000,000

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

***Employee Medical Benefits***

The Career Center participates in the Ashtabula County Schools Council of Governments, a shared risk pool (Note 19) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The Career Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Career Center's Board of Education pays the entire cost of a monthly premium for the Teamsters union and all other employees pay \$30 for single coverage and \$60 for family coverage.

***Worker's Compensation***

For fiscal year 2013, the Career Center participated in the Better Business Bureau of Central Ohio's Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the GRP.

**Note 13 - Pension Plans**

***School Employees Retirement System***

Plan Description – The Career Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit 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 Ohio Revised Code Chapter 3309. SERS issues a

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$173,615, \$155,489 and \$155,229, respectively. For fiscal year 2013, 94.44 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

### ***State Teachers Retirement System of Ohio***

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

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The Career Center's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$711,512 and \$6,303 for the fiscal year ended June 30, 2013, \$770,717 and \$6,043 for the fiscal year ended June 30, 2012, and \$788,762 and \$7,427 for the fiscal year ended June 30, 2011. For fiscal year 2013, 95.81 percent has been contributed for the DB plan and 95.81 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013 were \$11,912 made by the Career Center and \$8,509 made by the plan members. In addition, member contributions of \$4,502 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

### ***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2013, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

## **Note 14 - Postemployment Benefits**

### ***School Employee Retirement System***

Plan Description – The Career Center participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the Career Center paid \$20,408 in surcharge.

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

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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The Career Center's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$2,120, \$37,905 and \$38,532, respectively. For fiscal year 2013, 94.44 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011, were \$9,807, \$9,813 and \$9,989 respectively. For fiscal year 2013, 94.44 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

### ***State Teachers Retirement System***

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

**Funding Policy** – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$55,046, \$59,286 and \$60,674 respectively. For fiscal year 2013, 95.81 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

## **Note 15 – Other Employee Benefits**

### ***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1-1/4) days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Certified staff accumulate sick leave to a maximum of 336 days; severance pay is based upon an incremental scale up to a maximum of 84 days. Classified staff who are members of the teamsters union accumulate sick leave to a maximum of 350 days; severance is paid up to a maximum of 70 days. Classified secretaries who are members of the ACJVS Secretaries Association accumulate sick leave to a maximum of 258 days; severance is paid for one-quarter of accumulated up to a maximum of 70 days. Non-union school employees of the Career Center who served at least 10 years in any political subdivision at the time of their retirement shall receive pay for one-quarter of their unused sick leave to a maximum of 200 days or payment of 50 days. Employees, who have 10 years of service and have accumulated more than 200 days, shall be paid for one-tenth of their remaining unused and un-reimbursed sick leave to a maximum of 80 days or payment of 8 days pay.

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

Classified employees earn ten (10) to twenty (20) days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Non-union classified staff, teamsters and secretaries receive an additional day of vacation for each year beyond 19 years of service. Administrative personnel earn 20 to 25 days of vacation leave annually.

**Insurance**

Life insurance is offered to employees through EELIT (Educational Employees Life Insurance Trust) Company. Certified and classified employees are covered as follows:

- \$35,000 for Teamsters Union and Secretaries Association employees at \$3.68 per month;
- \$35,000 for Administration, Non-union employees and Teachers at \$3.68 per month.

**Health Insurance Benefits**

The Career Center provides employee medical and surgical insurance, prescription drug, dental, and vision insurance through the Ashtabula County Schools Council of Governments.

**Note 16 - Long-Term Obligations**

Changes in long-term obligations of the Career Center during fiscal year 2013 were as follows:

	Balance 6/30/12	Additions	Deductions	Balance 6/30/13	Amounts Due in One Year
<b>Governmental Activities</b>					
Compensated Absences	\$835,849	\$12,503	\$142,874	\$705,478	\$244,066

Compensated absences will be paid from the general fund and the food service, adult education, other local grants, Licensed Practical Nurse program, ABLE grant and Carl Perkins grant special revenue funds.

**Note 17 - Jointly Governed Organization**

**Northeast Ohio Management Information Network (NEOMIN)** – The North East Ohio Management Information Network (NEOMIN) is a jointly governed organization among 30 school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the districts supports NEOMIN based upon a per pupil charge. The Career Center paid \$19,671 to NEOMIN during fiscal year 2013.

The Governing Board consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The Board exercises total control over the operations of NEOMIN including budgeting, appropriating,

## **Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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contracting and designating management. The degree of control exercised by a participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

### **Note 18 - Contingencies**

#### ***Grants***

The Career Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2013, if applicable, cannot be determined at this time.

#### ***Litigation***

At June 30, 2013, the Career Center was a party to legal proceedings in which the District was the Defendant in a case in the Ashtabula County Common Pleas Court. The Plaintiffs were Rob Franks, Robert Franks, and Jacqueline Franks and involved the injury of a student. As of January 29, 2014, the case has been dismissed by the Plaintiffs.

### **Note 19 – Public Entity Risk Pools**

#### ***Insurance Purchasing Pool***

The Career Center participates in the Better Business Bureau of Central Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP was established through the Better Business Bureau of Ohio as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program. Sheakley Uniservice, LLC acts as the third party administrator for the Career Center.

#### ***Shared Risk Pool***

*Ohio School Plan* – The Career Center participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of Career Center superintendents and treasurers, as well as the president of Harcum-Shuett Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Shuett Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

The Career Center has contracted with the Ashtabula County Schools Council of Governments ("the Council) to provide employee medical/surgical, prescription drug, dental and vision benefits. The Council is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school

## Ashtabula County Technical and Career Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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districts. Rates are set by the Council's board of directors. The Career Center pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Council is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the Career Center. The Council shall pay the run out of all claims for a withdrawing Member. Any Member which withdraws from the Council pursuant to the Council Agreement shall have no claim to the Council's assets.

### Note 20 - Set-Aside Calculations

The Career Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years.

The following cash basis information describes the changes in the year-end set-aside amount for capital acquisitions. Disclosure of this information is required by the State statute.

	<u>Capital Improvements</u>
Set-aside Cash Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	119,171
Current Year Offsets	(596,314)
Qualifying Expenditures	<u>(252,454)</u>
Totals	<u>(\$729,597)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Balance as of June 30, 2013	<u>\$0</u>

The Career Center had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements set-aside amounts below zero. The negative set-aside balance for the capital improvements may not be used to reduce the set-aside requirements of future years. This negative balance is therefore not presented as being carried forward to future years.

### Note 21 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

**Ashtabula County Technical and Career Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$286,640
Permanent Improvements	903,344
Other Governmental Funds	<u>101,565</u>
Total	<u><u>\$1,291,549</u></u>

**Note 22 – Subsequent Event**

Effective January 1, 2014, the Career Center was approved for retrospective status through the State Workers' Compensation retrospective rating and payment system. Sheakley Uniservice, LLC serves as the Career Center's third party administrator.

**ASHTABULA COUNTY TECHNICAL & CAREER CENTER  
ASHTABULA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Nutrition Cluster:</i>				
Food Donation Program (non cash)		10.555	\$17,800	\$17,800
National School Lunch Program		10.555	119,699	119,699
Sub-Total National Lunch Program			<u>137,499</u>	<u>137,499</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>137,499</u>	<u>137,499</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Direct Programs:</i>				
<i>Student Financial Assistance Cluster:</i>				
Pell Grants		84.063	460,217	460,217
Direct Student Loans		84.268	452,405	452,405
Sub-Total Student Financial Assistance Cluster			<u>912,622</u>	<u>912,622</u>
Federal Family Education Loan Program		84.032	312,571	312,571
Total - U.S. Department of Education - Direct Programs			<u>1,225,193</u>	<u>1,225,193</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Improving Teacher Quality State Grants	TR-S1-12	84.367	4,556	4,556
Core Resident Educator		84.395	1,400	1,400
Total - Ohio Department of Education:			<u>5,956</u>	<u>5,956</u>
<i>Passed Through Ohio Board of Regents:</i>				
Adult Education- State Grant Program		84.002	23,678	0
	AB-SL-12		129,689	138,885
Sub-Total - Adult Education - State Grant Program	AB-S1-13		<u>153,367</u>	<u>138,885</u>
Career & Technical Education-Basic Grants to States Strategies		84.048	0	9,875
	20C1-2012		135,331	126,877
	20C1-2013		63,341	49,493
	CP-11-A12		295,906	286,327
Sub-Total - Career & Technical Education-Basic Grants to States	CP-12-A13		<u>494,578</u>	<u>472,572</u>
Total Ohio Board of Regents			<u>647,945</u>	<u>611,457</u>
<b>Total -- U.S. Department of Education</b>			<u><b>1,879,094</b></u>	<u><b>1,842,606</b></u>
<b>Totals</b>			<u><b>\$2,016,593</b></u>	<u><b>\$1,980,105</b></u>

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

**ASHTABULA COUNTY TECHNICAL & CAREER CENTER  
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the Career Center 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 entitlement value of the commodities received.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the Career Center contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Career Center has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE E – FEDERAL FAMILY EDUCATION LOAN PROGRAM**

The amount included on the Schedule represents new loans advanced during the fiscal year ended June 30, 2013. The Career Center is not a direct lender of Federal Family Education Loans (FFELs). The amount represents the value of new FFELs awarded and disbursed to the Career Center's students during the year as follows:

Federal Subsidized Stafford Loans	\$ 210,000
Federal Unsubsidized Stafford Loans	<u>282,238</u>
<b>Total FFEL's</b>	<b>\$ 492,238</b>

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# Dave Yost • Auditor of State

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

Ashtabula County Technical & Career Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To The Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Technical & Career Center, Ashtabula County, (the Career Center) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated March 17, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Career Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career Center's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Career Center's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Career Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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  
Columbus, Ohio

March 17, 2014



# Dave Yost • Auditor of State

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

Ashtabula County Technical & Career Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To The Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Ashtabula County Technical & Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Ashtabula County Technical & Career Center's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Career Center's major federal program.

### ***Management's Responsibility***

The Career Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Career Center's compliance for each of the Career Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Career Center's major program. However, our audit does not provide a legal determination of the Career Center's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Ashtabula County Technical & Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect the major federal program for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Career Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over compliance.

*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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 17, 2014

**ASHTABULA COUNTY TECHNICAL & CAREER CENTER  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<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	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): Student Financial Assistance Cluster	CFDA Number 84.063, 84.268
<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

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Ashtabula County Technical & Career Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To The Board of Education:

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

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

1. We noted the Board of Education amended its anti-harassment policy at its meeting on December 21, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

March 17, 2014

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# Dave Yost • Auditor of State

**ASHTABULA COUNTY CAREER AND TECHNICAL CENTER**

**ASHTABULA 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  
APRIL 1, 2014**