PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

Dave Yost • Auditor of State

PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Pickaway-Ross Career and Technology Center
Ross County
895 Crouse Chapel Rd.
Chillicothe, Ohio 45601

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway-Ross Career and Technology Center, Ross County, Ohio (the Center), as of and for the year ended June 30, 2010, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway-Ross Career and Technology Center, Ross County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Adult Education funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2011, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Dave Yost

Dave Yost
Auditor of State

January 27, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Pickaway-Ross Career and Technology Center's (the Center) discussion and analysis of the annual financial statements provides a review of the financial performance for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

FINANCIAL HIGHLIGHTS

- The Center's assets exceeded its liabilities at June 30, 2010 by $26,343,281.

- General revenues accounted for $15,321,177 in revenue or 73 percent of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $5,652,824 or 27 percent of total revenues of $20,974,001.

- The Center had $21,067,848 in expenses related to governmental activities; $5,652,824 of these expenses were offset by program specific charges for services and sales, and grants and contributions, while the remainder of these expenses were offset by general revenues.

- The Center has two major funds: the General Fund and the Adult Education Fund. All governmental funds had total revenues, other financing sources, and special items of $22,906,398 and expenditures and other financing uses of $20,204,866.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Pickaway-Ross Career and Technology Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

The statement of net assets and statement of activities provide information about the activities of the Center as a whole and present a long-term view of the Center's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE CENTER AS A WHOLE

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

These two statements report the Center's net assets and changes to those assets. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the Center's financial well-being. Some of these factors include the Center's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the statement of net assets and the statement of activities, the Center has only one kind of activity.

- Governmental Activities. All of the Center's programs and services (except for the agency fund) are reported here, including instruction, support services, operation of non-instructional services, and extracurricular activities.

REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the Center's funds begins on page 8. Fund financial statements provide detailed information about the Center's major funds – not the Center as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the Center is meeting legal responsibilities for use of grants. The Pickaway-Ross Career and Technology Center's major funds are the General Fund and Adult Education Fund.

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

Proprietary Funds. Proprietary fund reporting focuses on the determination of operating receipts over (under) operating disbursements and changes in net assets. Proprietary funds are classified as enterprise or internal service and the Center only has an internal service fund which is used to account for their self-insurance program for employee medical and dental claims. This fund is reported using the accrual basis of accounting.

Fiduciary Funds. The Center only has an agency fund, which is used to account for student-managed activities. All of the Center's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the Center's other financial statements because the Center cannot use these assets to finance its operations. The Center is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

THE CENTER AS A WHOLE

As stated previously, the statement of net assets provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net assets for 2010 compared to 2009.

Table 1
Net Assets
Governmental Activities

	2010	2009
Assets		
Current and Other Assets	$ 15,286,277	$ 14,740,870
Capital Assets, Net	21,507,404	22,067,529
Total Assets	36,793,681	36,808,399
Liabilities		
Current and Other Liabilities	5,600,134	6,476,856
Long-Term Liabilites	4,850,266	4,782,712
Total Liabilities	10,450,400	11,259,568
Net Assets		
Invested in Capital Assets		
Net of Related Debt	18,232,768	18,520,007
Restricted	2,944,510	2,422,938
Unrestricted	5,166,003	4,605,886
Total Net Assets	$ 26,343,281	$ 25,548,831

Current and other assets increased $545,407. This increase was primarily due to an increase in cash resulting from a transfer of cash from the internal service fund and the special item received as a result of the reorganization of the Ross County Insurance Consortium. This increase was partially offset by a decrease in taxes receivable, primarily due to a decrease in expected taxes resulting from the phase out of tangible personal property taxes. Capital assets of the Center decreased $560,125 primarily as a result of depreciation expense, which was partially offset by capital asset additions.

Current and other liabilities decreased $876,722. This decrease was primarily due to decreases in contracts and retainage payable as the Center's OSFC project nears completion, a decrease in deferred revenue which is directly related to the decrease in taxes receivable, and a decrease in claims payable. The decrease in claims payable is due to the reorganization of the Ross County Insurance Consortium, which will now carry all associated liabilities. Long-term liabilities increased $67,554. This increase is primarily due to an increase in the compensated absences liability as a result of an increase in the maximum sick leave severance payout. This increase was partially offset by principal payments on capital leases and current year sick leave and vacation payments.

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

Table 2
Change in Net Assets
Governmental Activities

	2010	2009
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 2,820,896	$ 2,321,130
Operating Grants and Contributions	2,831,928	3,265,859
Total Program Revenues	5,652,824	5,586,989
General Revenues:		
Property Taxes	5,035,164	4,844,815
Grants and Entitlements Restricted to Classroom Facilities Projects	-	552,095
Grants and Entitlements Not Restricted to Specific Programs	10,123,254	9,759,462
Investment Earnings	54,450	171,015
Gifts & Donations Not Restricted to Specific Programs	-	25
Payments in Lieu of Taxes	566	450
Gain on Sale of Capital Assets	-	8,488
Miscellaneous	107,743	313,949
Total General Revenues	15,321,177	15,650,299
Total Revenues	20,974,001	21,237,288
Program Expenses		
Instruction		
Regular	1,027,825	989,820
Vocational	14,319,423	11,066,250
Adult/Continuing	1,813	52,655
Support Services		
Pupils	1,778,906	1,630,989
Instructional Staff	1,248,996	1,180,139
Board of Education	55,696	68,282
Administration	442,631	428,691
Fiscal	539,504	529,306
Business	11,363	3,755
Operation & Maintenance of Plant	1,256,668	1,210,043
Pupil Transportation	14,551	16,263
Central	41,039	34,268
Operation of Non-Instructional Services	303,739	268,638
Extracurricular Activities	25,694	8,528
Interest & Fiscal Charges	-	327
Total Expenses	21,067,848	17,487,954
Special Item:		
Refund of Prior Year Insurance Premiums	888,297	-
Change in Net Assets	794,450	3,749,334
Net Assets at Beginning of Year	25,548,831	21,799,497
Net Assets at End of Year	$ 26,343,281	$ 25,548,831

Charges for services and sales increased $499,766 due to an increase in programs offered related to the completed construction. Operating grants and contributions decreased $433,931 due primarily to a decrease in state payments received for the Adult Education program. Tax revenue increased $190,349 primarily due to an increase in the amount available for advance. Grants restricted for the classroom facilities project decreased $552,095 as a result of the construction project nearing completion. Unrestricted grants and entitlements increased $363,792 primarily due to an increase in rollback and homestead allocations and tangible personal property tax loss reimbursement. Investment earnings decreased $116,565 mainly due to declining interest rates. Miscellaneous revenue decreased $206,206 primarily due to decreases in jury duty reimbursements, decreases in reimbursements from South Central Power capital credits, and decreases in Work Keys Satellite Site Fees. Expenses increased in the vocational instruction, pupils, and instructional staff lines by $3,253,173, $147,917, and $68,857, respectively. These increases are due mainly to increases in programs offered related to the completed construction and an increase in the maximum sick leave severance payout.

Governmental Activities

Operating grants and contributions and grants and entitlements not restricted to specific programs comprised 14 percent and 48 percent of revenue while property taxes and charges for services and sales comprised 24 percent and 13 percent, respectively, for governmental activities of the Pickaway-Ross Career and Technology Center for fiscal year 2010 and represent the largest sources of revenue.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 73 percent of governmental program expenses with support services comprising 26 percent of governmental expenses. The Board of Education relies on taxes, grants and entitlements to support increased student achievement within the Center.

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 15,349,061	$ 12,384,180	$ 12,108,725	$ 8,939,202
Support Services	5,389,354	4,330,217	5,101,736	3,890,753
Operation of Non-Instructional Services	303,739	(1,324,943)	268,638	(937,803)
Extracurricular Activities	25,694	25,570	8,528	8,486
Interest and Fiscal Charges	-	-	327	327
Total Expenses	$ 21,067,848	$ 15,415,024	$ 17,487,954	$ 11,900,965

THE CENTER'S FUNDS

The Center's governmental funds are accounted for using the modified accrual basis of accounting. The most significant changes in the Center's total fund balance were in the General Fund and All Other Governmental Funds.

The General Fund had $16,473,517 in revenues and other financing sources and $15,283,327 in expenditures and other financing uses. There was also a special item in the General Fund as the Center received a refund of prior year insurance expenditures in the amount of $888,297 as a result of the reorganization of the Ross County Insurance Consortium. The General Fund balance increased $2,078,487 as revenues and the special item exceeded expenditures. Property taxes and intergovernmental revenue increased while interest and miscellaneous revenues decreased. Property taxes increased as a result of an increase in the amount available as an advance. Intergovernmental revenue increased as a result of an increase in rollback and homestead allocations and tangible personal property tax loss reimbursements. Interest decreased as a result of declining interest rates. Miscellaneous revenue decreased due to decreases in various reimbursements and refunds. Capital outlay decreased as a result of the construction project nearing completion. Vocational instruction decreased primarily as a result of decreased salaries and benefits.

All Other Governmental Funds had revenues and other financing sources of $1,657,877 and expenditures of $1,222,681 resulting in a $435,196 increase in fund balance. The fund balance increase is due primarily to a decrease in expenditures from the prior year which was a direct result of a decrease in intergovernmental revenues.

General Fund Budgeting Highlights

The Center's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the General Fund and then adopts the budget on a fund basis. The General Fund was the most significant budgeted fund.

During 2010, there were several revisions to the General Fund budget. In part, these revisions decreased estimated revenues and other sources by $435,803 and decreased estimated expenditures and other uses by $527,386. Actual revenues exceeded final budgeted revenues by $1,890,834 due to the special item received and actual property and other local taxes which were higher than the final budgeted amount and was partially offset by intergovernmental revenue which was lower than the final budgeted amount. Actual expenditures exceeded final budgeted expenditures by $50,016 due to advances out, which are not legally required to be appropriated as they are temporary movements of money that will be repaid within the same or next fiscal year. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The General Fund's ending unobligated cash balance was $1,840,818 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the Center had $21,507,404 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2010 balances compared to 2009.

Table 4
Capital Assets (Net of Accumulated Depreciation)
Governmental Activities

	2010	2009
Land	$ 186,368	$ 186,368
Buildings and Improvements	19,165,704	19,702,567
Furniture and Equipment	2,118,322	2,133,728
Vehicles	37,010	44,866
Totals	$ 21,507,404	$ 22,067,529

Changes in capital assets from the prior year resulted from additions, deletions and depreciation expense. Please see note 8 to the basic financial statements for additional information regarding capital assets.

Debt

At June 30, 2010, the Center had $3,274,636 in outstanding capital leases with $272,886 due within one year.

At June 30, 2010, the Center's overall legal debt margin was $165,117,403 with an unvoted debt margin of $1,834,638. Please see note 14 to the basic financial statements for additional information regarding long-term obligations.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ben Vanhorn, Treasurer, Pickaway-Ross Career and Technology Center, 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

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Pickaway-Ross Career and Technology Center
Statement of Net Assets
As of June 30, 2010

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 9,942,951
Accrued Interest Receivable	18,246
Accounts Receivable, Net	563,470
Intergovernmental Receivable	14,664
Taxes Receivable	4,679,520
Restricted Cash and Cash Equivalents	67,427
Noncurrent Assets:	
Non-Depreciable Capital Assets	186,368
Depreciable Capital Assets, Net	21,321,036
Total Assets	36,793,682
LIABILITIES:	
Current Liabilities:	
Accounts Payable	125,148
Accrued Wages and Benefits	1,248,327
Retainage Payable	67,427
Intergovernmental Payable	418,524
Matured Compensated Absences Payable	48,901
Deferred Revenue	3,691,808
Noncurrent Liabilities:	
Due Within One Year	444,270
Due in More Than One Year	4,405,996
Total Liabilities	10,450,401
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	18,232,768
Restricted for Capital Outlay	524,213
Restricted for Adult Education	1,635,343
Restricted for Other Purposes	784,954
Unrestricted	5,166,003
Total Net Assets	$ 26,343,281

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

Pickaway-Ross Career and Technology Center
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
Instruction:				
Regular	$ 1,027,825	$ 17,790	$ 20,666	$ (989,369)
Vocational	14,319,423	880,398	2,045,003	(11,394,022)
Adult/Continuing	1,813	397	627	(789)
Support Services:				
Pupils	1,778,906	312,666	489,212	(977,028)
Instructional Staff	1,248,996	87,024	130,324	(1,031,648)
Board of Education	55,696	115	-	(55,581)
Administration	442,631	7,927	9,328	(425,376)
Fiscal	539,504	2,593		(536,911)
Business	11,363	55	-	(11,308)
Operation and Maintenance of Plant	1,256,668	8,244	3,592	(1,244,832)
Pupil Transportation	14,551	3,047	4,813	(6,691)
Central	41,039	197	-	(40,842)
Operation of Non-Instructional Services	303,739	1,500,319	128,363	1,324,943
Extracurricular Activities	25,694	124	-	(25,570)
Total Governmental Activities	$ 21,067,848	$ 2,820,896	$ 2,831,928	(15,415,024)

General Revenues:	
Property Taxes Levied for:	
General Purposes	5,035,164
Grants and Entitlements not Restricted to Specific Programs	10,123,254
Investment Earnings	54,450
Payments in Lieu of Taxes	566
Miscellaneous	107,743
Total General Revenues	15,321,177
Special Item:	
Refund of Prior Year Insurance Expenditures	888,297
Change in Net Assets	794,450
Net Assets at Beginning of Year	25,548,831
Net Assets at End of Year	$ 26,343,281

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

Pickaway-Ross Career and Technology Center
Balance Sheet
Governmental Funds
As of June 30, 2010

	General Fund	Adult Education Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	$ 7,149,055	$ 1,428,654	$ 1,365,241	$ 9,942,950
Accrued Interest Receivable	18,246	-	-	18,246
Accounts Receivable, Net	-	558,470	5,000	563,470
Interfund Receivable	50,015	-	-	50,015
Intergovernmental Receivable	-	-	14,664	14,664
Taxes Receivable	4,679,520	-	-	4,679,520
Restricted Cash and Cash Equivalents	-	-	67,427	67,427
Total Assets	$11,896,836	$ 1,987,124	$ 1,452,332	$ 15,336,292
LIABILITIES:				
Accounts Payable	$ 48,726	$ 69,829	$ 6,593	$ 125,148
Accrued Wages and Benefits	1,158,773	77,305	12,249	1,248,327
Retainage Payable	-	-	67,427	67,427
Interfund Payable	-	-	50,015	50,015
Intergovernmental Payable	320,106	87,820	10,598	418,524
Matured Compensated Absences Payable	-	-	48,901	48,901
Deferred Revenue	3,900,418	-	-	3,900,418
Total Liabilities	5,428,023	234,954	195,783	5,858,760
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	194,693	117,299	6,177	318,169
Reserved for Property Taxes	779,102	-	-	779,102
Unreserved, Undesignated, Reported in:				
General Fund	5,495,018	-	-	5,495,018
Special Revenue Funds	-	1,634,871	726,159	2,361,030
Capital Projects Funds	-	-	524,213	524,213
Total Fund Balances	6,468,813	1,752,170	1,256,549	9,477,532
Total Liabilities and Fund Balances	$11,896,836	$ 1,987,124	$ 1,452,332	$ 15,336,292

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

Pickaway-Ross Career and Technology Center

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
As of June 30, 2010

Total Governmental Fund Balances		$	9,477,532
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			21,507,404
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Taxes	208,611		
Total			208,611
Long-term liabilities, including capital lease obligations and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated Absences	(1,575,630)		
Capital Lease Obligations	(3,274,636)		
Total			(4,850,266)
Net Assets of Governmental Activities		$	26,343,281

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

Pickaway-Ross Career and Technology Center

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2010

	General Fund	Adult Education Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	$ 5,012,013	$ -	$ -	$ 5,012,013
Intergovernmental	10,852,281	1,193,501	899,370	12,945,152
Interest	53,838	-	612	54,450
Tuition and Fees	3,965	1,331,236	-	1,335,201
Rent	1,236	-	-	1,236
Gifts and Donations	-	30	10,000	10,030
Customer Sales and Services	65,400	1,285,257	133,802	1,484,459
Payments in Lieu of Taxes	566	-	-	566
Miscellaneous	87,281	3,330	17,132	107,743
Total Revenues	16,076,580	3,813,354	1,060,916	20,950,850
EXPENDITURES:				
Current:				
Instruction:				
Regular	950,138	-	48,901	999,039
Vocational	9,593,667	2,326,627	720,290	12,640,584
Adult/Continuing	-	-	1,483	1,483
Support Services:				
Pupils	609,645	1,144,688	25,841	1,780,174
Instructional Staff	913,071	227,543	72,257	1,212,871
Board of Education	24,013	-	-	24,013
Administration	412,577	-	22,073	434,650
Fiscal	521,162	-	-	521,162
Business	11,363	-	-	11,363
Operation and Maintenance of Plant	1,237,848	-	8,500	1,246,348
Pupil Transportation	77	-	11,389	11,466
Central	40,872	-	-	40,872
Operation of Non-Instructional Services	-	-	311,947	311,947
Extracurricular Activities	25,694	-	-	25,694
Debt Service:				
Principal	272,886	-	-	272,886
Total Expenditures	14,613,013	3,698,858	1,222,681	19,534,552
Excess of Revenues Over (Under) Expenditures	1,463,567	114,496	(161,765)	1,416,298
OTHER FINANCING SOURCES (USES):				
Transfers In	396,937	73,353	596,961	1,067,251
Transfers Out	(670,314)	-	-	(670,314)
Total Other Financing Sources (Uses)	(273,377)	73,353	596,961	396,937
Special Item:				
Refund of Prior Year Insurance Expenditures	888,297	-	-	888,297
Net Change in Fund Balances	2,078,487	187,849	435,196	2,701,532
Fund Balances at Beginning of Year	4,390,326	1,564,321	821,353	6,776,000
Fund Balances at End of Year	$ 6,468,813	$ 1,752,170	$ 1,256,549	$ 9,477,532

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

Pickaway-Ross Career and Technology 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, 2010

Net Change in Fund Balances - Total Governmental Funds		$ 2,701,532
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceed depreciation in the current period.		
Capital Asset Additions	517,179	
Current Year Depreciation	(1,077,022)	
Total		(559,843)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.		
Loss on Disposal of Capital Assets	(282)	
Total		(282)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	23,151	
Total		23,151
Repayment of capital lease obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.		272,886
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(1,302,554)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in Compensated Absences	(340,440)	
Total		(340,440)
Net Change in Net Assets of Governmental Activities		$ 794,450

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

Pickaway-Ross Career and Technology Center

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget:
	Original Budget	Final Budget	Actual	Positive (Negative)
Total Revenues and Other Sources	$ 16,206,000	$ 15,770,197	$ 17,661,031	$ 1,890,834
Total Expenditures and Other Uses	16,558,488	16,031,102	16,081,118	(50,016)
Net Change in Fund Balance	(352,488)	(260,905)	1,579,913	1,840,818
Fund Balance, July 1, 2009	5,109,099	5,109,099	5,109,099	-
Prior Year Encumbrances Appropriated	254,509	254,509	254,509	-
Fund Balance, June 30, 2010	$ 5,011,120	$ 5,102,703	$ 6,943,521	$ 1,840,818

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

Pickaway-Ross Career and Technology Center

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Total Revenues and Other Sources	$ 3,862,922	$ 2,649,123	$ 3,891,772	$ 1,242,649
Total Expenditures and Other Uses	5,052,778	3,810,138	3,810,138	-
Net Change in Fund Balance	(1,189,856)	(1,161,015)	81,634	1,242,649
Fund Balance, July 1, 2009	1,111,320	1,111,320	1,111,320	-
Prior Year Encumbrances Appropriated	78,536	78,536	78,536	-
Fund Balance, June 30, 2010	$ -	$ 28,841	$ 1,271,490	$ 1,242,649

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

Pickaway-Ross Career and Technology Center

Statement of Revenues, Expenses and

Changes In Fund Net Assets

Governmental Activities

Internal Service Fund

For the Fiscal Year Ended June 30, 2010

	Internal Service Fund
OPERATING EXPENSES:	
Claims Expense	$ 905,617
Total Operating Expenses	905,617
Income (Loss) Before Transfers	(905,617)
Transfer - Out	(396,937)
Change in Net Assets	(1,302,554)
Net Assets at Beginning of Year	1,302,554
Net Assets at End of Year	$ -

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

Pickaway-Ross Career and Technology Center
Statement of Cash Flows
Governmental Activities
Internal Service Fund
For the Fiscal Year Ended June 30, 2010

	Internal Service Fund
Decrease in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Payments for Claims	$ (1,220,798)
Net Cash Used for Operating Activities	(1,220,798)
Cash Flows from Noncapital Financing Activities:	
Transfers - Out	(396,937)
Net Cash Used for Noncapital Financing Activities	(396,937)
Net Decrease in Cash and Cash Equivalents	(1,617,735)
Cash and Cash Equivalents at Beginning of Year	1,617,735
Cash and Cash Equivalents at End of Year	$ -
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	$ (905,617)
Changes in Liabilities:	
Decrease in Claims Payable	(315,181)
Net Cash Used for Operating Activities	$ (1,220,798)

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

Pickaway-Ross Career and Technology Center

Statement of Fiduciary Assets and Liabilities

Agency Fund

As of June 30, 2010

ASSETS:		
Equity in Pooled Cash and Cash Equivalents	$	70,437
Total Assets	$	70,437
LIABILITIES:		
Undistributed Monies	$	70,437
Total Liabilities	$	70,437

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

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NOTE 1 - DESCRIPTION OF THE CENTER AND REPORTING ENTITY

Pickaway-Ross Career and Technology Center (the "Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board form of government consisting of eleven representatives from the various elected City and County School Boards within Pickaway and Ross Counties. The Center possesses its own budgeting and taxing authority. The Center exposes students to job training leading to employment upon graduation from high school.

The Center was established in 1970 through the cooperation of all school districts involved. The Center serves an area of approximately 1,090 square miles. It is located in Ross County, and includes the school districts within Ross and Pickaway Counties. It is staffed by 60 non-certificated employees and 180 certificated full-time teaching personnel who provide services to 1,091 students and other community members. The Center currently operates 2 instructional buildings.

Reporting Entity:

The Center is a jointly governed organization, legally separate from other organizations. The Board of Education of the Center is not directly elected, although no other school district appoints a voting majority of the Board. None of the school districts that appoint Board members are financially accountable for the Center.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes general operations, food service, and student related activities of the Center.

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

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

< Ross-Pike Educational Service District
< Cities of Chillicothe and Circleville
< Participating Local/City School Districts
< Pickaway County Educational Service Center

The Center is associated with four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association, Great Seal Education Network of Tomorrow, Ross County School Employees Insurance Consortium and the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan, respectively. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pickaway-Ross Career and Technology Center have been prepared in conformity with accounting principles generally accepted in United States of America (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 Center's accounting policies are described below.

Fund Accounting

The Center's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Center functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Center’s major governmental funds:

General Fund

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

Adult Education

The Adult Education Fund is used to account for all revenues and expenditures related to the provision of credit and noncredit classes to the community.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the Pickaway-Ross Career and Technology Center has no enterprise funds.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Pickaway-Ross Career and Technology Center on a cost reimbursement basis. The Center’s only internal service fund accounts for the self-insurance program for employee medical and dental claims.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The Center's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The Center's agency fund is used to account for student-managed activities.

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Center are included on the statement of net assets.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Like the government-wide statements, proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary and fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal 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. Measurable means the amount of the transaction can be determined. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

All funds, other than the agency fund, 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 fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting is utilized by the Center for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis in the budgetary statements.

Cash and Investments

Cash received by the Center is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the General Fund except those specifically related to those funds deemed appropriate according to Board of Education policy. Interest earned during fiscal year 2010 was $54,450, which was credited to the General fund and the Construction non-major capital projects fund in the amounts of $53,838 and $612, respectively.

The Center records all its investments at fair value. For presentation on the financial statements, investments of the cash management pool are considered to be cash equivalents. The Center has invested in the certificates of deposit, State Treasury Asset Reserve of Ohio (STAROhio), money market funds, commercial paper, and U.S. government agency notes during fiscal year 2010. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2010.

Investments with original maturities of three months or less at the time they are purchased by the Center are reported as cash equivalents.

Capital Assets and Depreciation

All capital assets of the Center are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of $1,000. The 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description	Estimated Lives
Buildings and Improvements	10-40 years
Furniture and Equipment	5-20 years
Vehicles	5 years

Interfund Balances

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

Compensated Absences

Vacation and personal leave 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 Center will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the Center has identified as probable of receiving payment in the future. The Center records an accrual for sick leave for all employees with ten years or more of service. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the Center's severance policy.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as 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 will be 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 special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and capital leases are recognized as a liability on the government-wide financial statements when due.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Center and that are either unusual in nature or infrequent in occurrence. The Center had no extraordinary items. The Center reported one special item for the refund of prior year insurance expenditures due to the reorganization of the Ross County Insurance Consortium where the self insurance nature of the Consortium changed to a claims servicing pool during fiscal year 2010. The Center received a one time reimbursement from the Ross County Insurance Consortium.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include federal and state grants restricted to expenditures for specified purposes.

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

As of June 30, 2010, of the Center's $2,944,510 in restricted net assets, none was restricted by enabling legislation.

Fund Balance Reserves

Reserved fund balances indicate that portion of fund balance which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances and property tax revenue reserved by the Board for future year appropriations. The reserve for property tax represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriation under State statute. The unreserved, undesignated portions of fund balance reflected for governmental funds are available for use within the specific purpose of those funds.

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

Estimates

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Center, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, grantors, or laws or other governments or imposed by enabling legislation. Restricted assets in the Non-Major Capital Projects Construction Fund represent cash held as retainage for contractors.

NOTE 3 – ACCOUNTABILITY

The Food Service special revenue fund had a deficit fund balance of $52,606. The deficit in this fund is due to adjustments for accrued liabilities and the timing of grant awards. The General Fund provides transfers when cash is required, not when expenditures are incurred.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) – General Fund and Adult Education Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.

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

Net Change in Fund Balances

	General	Adult Education
GAAP Basis	$2,078,487	$ 187,849
Adjustments:		
Revenue Accruals	299,217	5,065
Expenditure Accruals	(592,257)	45,884
Encumbrances	(205,534)	(157,164)
Budget Basis	$1,579,913	$ 81,634

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Center into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

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

2. Bonds, notes, debentures, or other obligations of or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

5. Interim deposits in the eligible institutions applying for interim money as provided in Section 135.08 of the Revised Code;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;

9. Linked deposits as authorized by ordinance adopted pursuant to Section 135.80 of the Revised Code;

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and

11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which both the obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

Protection of the Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Center's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

At June 30, 2010, the carrying amount of all Center deposits was $3,119,245. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, the Center's bank balance of $1,083,971 was covered by the FDIC.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Investments: At June 30, 2010, the Center had the following investments:

	Fair Value	Weighted Average Maturity (Yrs.)
Money Market Funds	$327,827	< 1 year
Federal National Mortgage Association	600,419	2 to 3 years
Federal Home Loan Mortgage Corporation	200,032	1 to 2 years
Federal Farm Credit Corporation	189,896	< 1 year
Federal Home Loan Bank	1,943,469	< 1 year
Federal Home Loan Bank Discount Notes	304,986	< 1 year
Federal National Mortgage Association Discount Notes	668,610	< 1 year
Repurchase Agreement	50,300	< 1 year
STAROhio	752,063	< 1 year
Total Fair Value	$5,037,602	

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Center manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center's policy does not address credit risk beyond the requirements of the Ohio Revised Code. The Center limits their investments to money market funds, U.S. government agency notes, and STAROhio. Investments in money market funds and STAROhio were rated AAAm by Standard & Poor's. Investments in Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Bank were rated AAA by Standard & Poor's. Repurchase agreements were unrated.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Center's investment policy allows investments in repurchase agreements, certificates of deposit, within financial institutions within the State of Ohio as designated by the Federal Reserve Board, and other investments as allowable per the Ohio Revised Code. Of the Center's investments, 7% was invested in money market funds, 12% was invested in Federal National Mortgage Association notes, 4% was invested in Federal Home Loan Mortgage Association notes, 4% was invested in Federal Farm Credit Corporation notes, 38% was invested in Federal Home Loan Bank notes, 6% was invested in Federal Home Loan Bank Discount notes, 13% was invested in Federal National Mortgage Association Discount notes, 1% was invested in a repurchase agreement, and 15% was invested in STAROhio.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center does not have a policy for custodial credit risk. All of the Center's investments are held in the name of the Center.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located within the Center's boundaries. Property tax revenue received during calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received during calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35% 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.

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

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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

	2009 Second-Half Collections		2010 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$1,717,756,940	92.11%	$1,729,892,630	94.29%
Public Utility	93,879,370	5.03%	95,503,180	5.21%
Tangible Personal Property	53,371,292	2.86%	9,242,000	0.50%
Total Assessed Value	$1,865,007,602	100.00%	$1,834,637,810	100.00%
Tax rate per $1,000 of assessed valuation	$4.20		$4.20	

The Center receives property taxes from Pickaway, Ross and Hocking Counties. The county auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

NOTE 6 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2010. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2010, was $779,102 in the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010, consisted of property taxes, accounts (billings for user charged services, tuition and student fees), interest, interfund, and intergovernmental grants. All receivables are considered collectible in full, except accounts receivable, 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. An allowance has been recognized against accounts receivable to account for uncollectible accounts.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Non-major Special Revenue Fund:	
Food Services	$ 14,664
Total Intergovernmental Receivable	$ 14,664

NOTE 8 - CAPITAL ASSETS

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

	Ending Balance 06/30/09	Additions	Deletions	Ending Balance 06/30/10
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 186,368	$ -	$ -	$ 186,368
Total Capital Assets, Not Being Depreciated	186,368	-	-	186,368
Capital Assets Being Depreciated:				
Buildings and Improvements	23,100,175	51,823	-	23,151,998
Furniture and Equipment	6,391,836	464,713	(18,882)	6,837,667
Vehicles	103,427	643	-	104,070
Total Capital Assets Being Depreciated	29,595,438	517,179	(18,882)	30,093,735
Less Accumulated Depreciation:				
Buildings and Improvements	(4,624,046)	(588,686)	-	(5,212,732)
Furniture and Equipment	(3,031,670)	(479,837)	18,600	(3,492,907)
Vehicles	(58,561)	(8,499)	-	(67,060)
Total Accumulated Depreciation	(7,714,277)	(1,077,022)	18,600	(8,772,699)
Total Capital Assets Being Depreciated, Net	21,881,161	(559,843)	(282)	21,321,036
Governmental Activities Capital Assets, Net	$ 22,067,529	$ (559,843)	$ (282)	$ 21,507,404

NOTE 8 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Adult/Continuing	$ 330
Vocational	1,031,530
Support Services:	
Pupils	3,307
Board of Education	31,683
Fiscal	244
Operation and Maintenance of Plant	6,676
Pupil Transportation	3,085
Central	167
Total Depreciation Expense	$ 1,077,022

NOTE 9 - RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the Center contracted with Ohio Casualty for fleet, liability, property, and boiler and machinery insurance.

Coverages provided by this company are as follows:

Building and Contents ($1,000 deductible)	$26,418,600
Automobile Liability ($250 Comprehensive, $500 collision deductibles)	1,000,000
Uninsured Motorists ($250 Comprehensive, $500 Collision deductibles)	1,000,000
General Liability ($100 deductible)	
Per occurrence	1,000,000
Aggregate	3,000,000
Commercial Excess Liability	
Per occurrence and Aggregate	5,000,000

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

For fiscal year 2010, the Center participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniserve provides administrative, cost control and actuarial services to the GRP.

NOTE 9 - RISK MANAGEMENT (Continued)

Medical/surgical and dental insurance was offered to employees through self-insurance accounted for in an Internal Service Fund. The Center was a member of a claims servicing pool, which consisted of eleven school districts within Ross and Pickaway Counties, in which monthly premiums were paid to the fiscal agent who in turn paid the claims on the Center's behalf. During 2010 the claims servicing pool changed their structure and became a public entity shared risk pool. Therefore, there is not a claims liability outstanding as of June 30, 2010.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2009	$197,259	$1,705,732	$1,587,810	$315,181
2010	315,181	905,617	1,220,798	0

The Center is a member of the Ross County School Employees Insurance Consortium, a public entity shared risk pool (Note 17), consisting of seven government entities within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the Ross-Pike County Educational Service Center as fiscal agent, who in turns pays the claims on the Center's behalf. The Consortium is responsible for the management and operations of the program. Upon termination of the Consortium, for any reason, the Consortium shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the fund of the Consortium.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The Center contributes to the School Employees Retirement System of Ohio (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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, at www.ohsers.org, under *Employers/Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the 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, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Fund. The Center's contributions to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were $272,361, $156,681, and $171,123, respectively; 57% has been contributed for fiscal year 2010 and 100% for the fiscal years 2009 and 2008.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

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

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

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

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

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

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

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

For the fiscal years ended June 30, 2010, 2009 and 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13% was the portion used to fund pension obligations. The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were $1,158,403, $1,162,625, and $1,106,866, respectively; 84% has been contributed for the fiscal year 2010 and 100% for the fiscal years 2009 and 2008.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. For the Center, these amounts equaled $88,943, $88,912, and $85,038 for fiscal years 2010, 2009, and 2008, respectively, which was equal to the required allocations for those years.

School Employees Retirement System

Postemployment Benefits

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was $96.40 for most participants, but could be as high as $353.60 per month depending on their income. SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2010, 2009, and 2008, the actuarially required allocations were 0.76 percent, 0.75 percent, and 0.66 percent, respectively. For the Center, contributions for the fiscal years ended June 30, 2010, 2009, and 2008 were $13,969, $13,571, and $11,534, respectively, which equaled the required contributions for those years.

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2010, 2009, and 2008, the contributions assigned to health care were 0.46 percent, 4.16 percent, and 4.18 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the Center, the amounts contributed to fund health care benefits, including the surcharge, during the 2010, 2009, and 2008 fiscal years equaled $45,177, $109,888 and $96,042, respectively, which was equal to the required allocations for those years.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS website at www.ohsers.org under *Employers/Audit Resources*.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 285 days for all personnel. Upon retirement, payment is made for one-fourth of the first 180 days of accrued, but unused sick leave credit, to a maximum of 45 days, plus one-tenth of days 181 through 285, to a maximum of 10 and one-half days for all employees.

NOTE 12 - EMPLOYEE BENEFITS (Continued)

B. Insurance Benefits

The Center provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Education Council.

C. Deferred Compensation

Center employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

D. Early Retirement Incentive

The Center has a retirement incentive program. Participation is open to certified employees, with certain exceptions, who achieve 1) age 55 and 25 years of experience, 2) age 60 and 5 years of experience, or 3) any age and 30 years of experience. In addition to meeting the requirement above, the employee must submit a letter of resignation and intent to retire no later than February 1 with retirement effective at the close of the school year. For those employees meeting such requirements, a benefit of $10,000 will be payable in the calendar year after the retirement takes effect by January 30.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2006, the Center issued Qualified Zone Academy Bonds (QZAB) in the amount of $5,220,000 at 0% interest, maturing in 2021. The terms of these QZAB are structured as a non-certificated lease-purchase agreement. This agreement also included a grant in the amount of $853,820, making the total amount to be repaid $4,366,180.

This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13*, Accounting for Leases,* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The capital assets acquired by the leases have been capitalized in the statement of net assets for governmental activities in the amount of $4,606,520. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2010 totaled $272,886.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2010:

Fiscal Year Ending June 30,	Principal & Interest
2011	$272,886
2012	272,886
2013	272,886
2014	272,886
2015	272,886
2016-2020	1,364,431
2021-2022	545,775
Total	3,274,636
Less: Amount Representing Interest	(0)
Present Value of Net Minimum Lease Payments	$3,274,636

NOTE 14 - LONG-TERM OBLIGATIONS

Long-term debt and other obligations at June 30, 2010 and the related transactions for the year then ended are summarized below:

	Principal Outstanding 6/30/09	Additions	Deductions	Principal Outstanding 6/30/10	Amount Due Within One Year
Capital Leases	$3,547,522	$ -	$ 272,886	$3,274,636	$272,886
Compensated Absences	1,235,190	784,090	443,650	1,575,630	171,384
Total Long Term Obligations	$4,782,712	$784,090	$716,536	$4,850,266	$444,270

Capital leases will be paid from the General Fund. Compensated absences will be paid from the funds from which the employees' salaries are paid, with the significant funds being the General Fund and the Adult Education Fund.

The Center's overall legal debt margin was $165,117,403 and an unvoted debt margin of $1,834,638 at June 30, 2010.

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2010, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
General Fund:	$50,015	$0
Nonmajor Special Revenue Funds:		
Food Service	0	49,855
Health Grant	0	160
Total	$50,015	$50,015

All of the above interfund balances relate to advances from the General Fund in anticipation of the receipt of grant monies for Special Revenue Funds. For purposes of reporting in the government-wide financial statements, all interfund receivables and payables were eliminated.

For the fiscal year ended June 30, 2010, transfers in and out that resulted from various interfund transactions were as follows:

	Transfers In	Transfers Out
General Fund	$396,937	$670,314
Major Special Revenue Fund:		
Adult Education	73,353	0
Nonmajor Special Revenue Funds:		
Food Service	123,946	0
OSFC Maintenance	173,015	0
Termination Benefits	100,000	0
Total Nonmajor Special Revenue Funds	396,961	0
Nonmajor Capital Projects Fund:		
Permanent Improvement	200,000	0
Nonmajor Internal Service Fund	0	396,937
Total	$1,067,251	$1,067,251

The General Fund transferred monies to the Adult Education, Food Service, Ohio School Facilities Maintenance, Termination Benefits and Permanent Improvement Funds to subsidize these funds. The transfer from the Internal Service Fund to the General Fund is due to the reorganization of the Ross County Insurance Consortium and the elimination of the Internal Service Fund since the health insurance is no longer considered a self funded plan.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The Center is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Pickaway, Gallia, Scioto, Brown, Ross, Vinton, Jackson and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eleven participating counties, two school treasurers, and a representative for the fiscal agent. SCOCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The Center paid SCOCA $167,522 for services provided during the fiscal year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Great Seal Education Network of Tomorrow - The Center is a member of the Great Seal Education Network of Tomorrow (the "Council"). The Council is a regional council of governments consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the Board of Education) of each of the members. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

NOTE 17 – PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOLS

Ross County School Employees Insurance Consortium - The Ross County School Employees Insurance Consortium (the "Consortium"), a shared risk pool, currently operates to provide medical and dental insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Seven school districts within Ross County and its surrounding area have entered into an agreement with the Ross-Pike Educational Service District to form the Ross County School Employees Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of medical and dental insurance for the benefit of the Consortium members' employees and their dependents, to obtain lower costs for insurance coverage, and to secure cost control by implementing a program of comprehensive loss control. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium.

Accordingly, the Ross County School Employees Insurance Consortium is not part of the School District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Ross-Pike Educational Service District, Erin Kirby who serves as Treasurer, at 475 Western Avenue, Chillicothe, Ohio 45601.

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan - The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 18 - SET-ASIDE CALCULATIONS

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

NOTE 18 - SET-ASIDE CALCULATIONS (Continued)

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

	Textbooks and Instructional Materials	Capital Maintenance
Set Aside Cash Balance as of June 30, 2009	$0	$0
Current Year Set Aside Requirement	202,674	202,674
Excess Qualifying Expenditures from Prior Years	(1,318,077)	0
Current Year Qualifying Disbursements	(951,019)	(202,674)
Total	($2,066,422)	$0
Balance Carried Forward to Fiscal Year 2011	($2,066,422)	$0
Set Aside Reserve Balance as of June 30, 2010	$0	$0

The Center had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Textbooks and Instructional Materials Reserve. This extra amount may be carried forward and used to reduce the set-aside requirements of future years.

NOTE 19 - CONTINGENCIES

A. Grants

The 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2010.

B. Litigation

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

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For 2010, the Center has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Financial Reporting for Intangible Assets,” Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,” and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies.”

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

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES (Continued)

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

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

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

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PICKAWAY ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Team Nutrition Grant	2010	10.574	$ 2,000	$ 1,700
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
School Breakfast Program	2009	10.553	2,169	2,169
National School Lunch Program	2009	10.555	6,663	6,663
Cash Assistance:				
School Breakfast Program	2009	10.553	32,171	32,171
National School Lunch Program	2009	10.555	98,818	98,818
Total Nutrition Cluster			139,821	139,821
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**141,821**	**141,521**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Vocational Education-Basic Grants to States	2010	84.048	454,437	454,437
Safe and Drug-Free Schools and Communities State Grants				
Safe and Drug-Free Schools and Communities State Grants	2009	84.186	-	776
Safe and Drug-Free Schools and Communities State Grants	2010	84.186	5,379	5,379
Total Safe and Drug-Free Schools and Communities State Grants			5,379	6,155
Improving Teacher Quality State Grants	2010	84.367	14,340	14,340
Adult Education State Grants				
Adult Education State Grant	2009	84.002	-	193
Adult Education State Grant	2010	84.002	84,477	84,477
Total Adult Education State Grants			84,477	84,670
Direct from U.S. Department of Education				
Student Financial Aid Cluster:				
Federal Pell Grant Program	2010	84.063	640,039	640,039
Federal Family Education Loans	2010	84.032	766,530	766,530
Total Student Financial Aid Cluster			1,406,569	1,406,569
TOTAL U.S. DEPARTMENT OF EDUCATION			**1,965,202**	**1,966,171**
TOTALS			**$ 2,107,023**	**$ 2,107,692**

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

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

Pickaway-Ross Career and Technology Center
Ross County
895 Crouse Chapel Rd.
Chillicothe, Ohio 45601

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway-Ross Career and Technology Center, Ross County, Ohio (the Center) as of and for the year ended June 30, 2010 which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the Center's management in a separate letter dated January 27, 2011.

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

Dave Yost

Dave Yost
Auditor of State

January 27, 2011

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

Pickaway-Ross Career and Technology Center
Ross County
895 Crouse Chapel Rd.
Chillicothe, Ohio 45601

To the Board of Education:

Compliance

We have audited the compliance of the Pickaway-Ross Career and Technology Center, Ross County Ohio, (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Pickaway-Ross Career and Technology Center's major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Pickaway-Ross Career and Technology Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State

January 27, 2011

PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Student Financial Aid Cluster (CFDA #84.032 & 84.063)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

PICKAWAY ROSS CAREER AND TECHNOLOGY CENTER

ROSS 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
FEBRUARY 15, 2011

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