MIAMI VALLEY CAREER TECHNOLOGY CENTER

Single Audit Report

June 30, 2008

Mary Taylor, CPA
Auditor of State

Board of Education
Miami Valley Career and Technical Center
6800 Hoke Road
Clayton, Ohio 45315

We have reviewed the *Independent Auditor's Report* of the Miami Valley Career and Technical Center, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 3, 2009

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MIAMI VALLEY CAREER TECHNOLOGY CENTER

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Adult Basic Education Grant	AB-S2	84.002	$302,823	$302,823
Career and Technical Education	20-C2	84.048	894,253	894,253
Safe and Drug Free Schools and Communities	DR-S1	84.186	3,604	3,119
Title V- State Grants for Innovative Programs	C2-S1	84.298	4,494	5,737
Improving Teacher Quality State Grants	TR-S1	84.367	18,626	18,576
Direct Program:				
Federal Pell Grant Program	N/A	84.063	246,798	246,798
Total Department of Education			1,470,598	1,471,306
DIRECT PROGRAMS				
U.S. DEPARTMENT OF DEFENSE				
Air Force Jr. R.O.T.C. Grant	N/A	12.AFJROTC	49,337	47,906
Total Department of Defense - Direct			49,337	47,906
Total Federal Assistance			$1,519,935	$1,519,212

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Center's federal award programs. The schedule has been prepared on the cash basis of accounting.

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

To the Board of Education
Miami Valley Career Technology Center

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Valley Career Technology Center (the Center), as of and for the year ended June 30, 2008, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the Center in a separate letter dated December 29, 2008.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
December 29, 2008

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

To the Board of Education
Miami Valley Career Technology Center

Compliance

We have audited the compliance of the Miami Valley Career Technology Center (the Center), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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Internal Control Over Compliance

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

A *control deficiency* in a Center's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Center's internal control.

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

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Center as of and for the year ended June 30, 2008, and have issued our report thereon dated December 29, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
December 29, 2008

MIAMI VALLEY CAREER TECHNOLOGY CENTER
June 30, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	*Type of Financial Statement Opinion*	Unqualified
(d)(1)(ii)	*Were there any material control weakness conditions reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material non-compliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weakness conditions reported for major federal programs?*	No
(d)(1)(iv)	*Were there any other significant control deficiencies 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 Section .510?*	No
(d)(1)(vii)	*Major Programs (list):*	Career and Technical Education
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: > $300,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee?*	Yes

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

MIAMI VALLEY CAREER TECHNOLOGY CENTER
JUNE 30, 2008

SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS
OMB CIRCULAR A-133

Miami Valley Career Technology Center had no prior audit findings or questioned costs.

MIAMI VALLEY CAREER TECHNOLOGY CENTER

Basic Financial Statements

June 30, 2008

PLATTENBURG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Miami Valley Career Technology Center

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Valley Career Technology Center (the Center), as of and for the year ended June 30, 2008, which collectively comprise the Center's basic financial statements. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Center, as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
December 29, 2008

MIAMI VALLEY CAREER TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008
(Unaudited)

The discussion and analysis of Miami Valley Career Technology Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2008. 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 the basic financial statements to enhance their understanding of the Center's performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- Net assets of governmental activities decreased $2,700,998 which represents a 13% decrease from 2007.

- General revenues accounted for $27,980,059 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $5,346,843 or 16% of total revenues of $33,326,902 .

- The Center had $36,027,900 in expenses related to governmental activities; $5,346,843 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $27,980,059 were also used to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Center as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the Center is presented in the following manner:

- Governmental Activities – Most of the Center's programs and services are reported here including instruction, support services, and operation of non-instructional services.

Fund Financial Statements

The analysis of the Center's major fund begins on the balance sheet. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds.

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

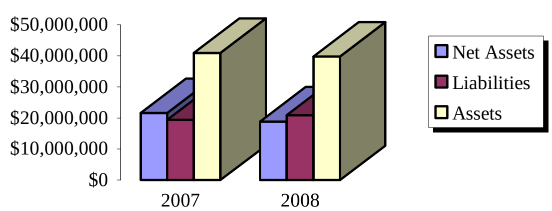
Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's own programs.

The Center as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2008 compared to 2007:

Table 1
Net Assets

	Governmental Activities	
	2008	2007
Assets:		
Current and Other Assets	$21,288,801	$23,824,370
Capital Assets	18,501,496	17,133,215
Total Assets	39,790,297	40,957,585
Liabilities:		
Other Liabilities	17,225,179	15,793,355
Long-Term Liabilities	3,684,137	3,582,251
Total Liabilities	20,909,316	19,375,606
Net Assets:		
Invested in Capital Assets	18,501,496	17,133,215
Restricted	970,586	1,774,278
Unrestricted	(591,101)	2,674,486
Total Net Assets	$18,880,981	$21,581,979



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the Center's assets exceeded liabilities by $18,880,981 .

At year-end, capital assets represented 46% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2008, was $18,501,496 . These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net assets, $970,586 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current Assets decreased from 2007 mainly due to a decrease equity in pooled cash and investments at year end compared to 2007. Capital Assets increased from 2007 mainly due to the completion of the West Building Cosmetology and Wellness Center construction project. Other liabilities increased because of an increase in deferred revenue.

Table 2 shows the changes in net assets for fiscal years 2008 and 2007.

Table 2
Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues:		
Program Revenues		
Charges for Services	$2,778,037	$3,024,856
Operating Grants, Contributions	2,568,806	1,927,426
General Revenues:		
Property Taxes	13,644,233	13,882,971
Grants and Entitlements	13,471,207	13,296,269
Other	864,619	578,175
Total Revenues	33,326,902	32,709,697
Program Expenses:		
Instruction	21,241,614	20,514,647
Support Services:		
Pupil and Instructional Staff	3,407,344	3,186,485
School Administrative, General Administration, Fiscal and Business	3,868,722	3,374,315
Operations and Maintenance	4,022,565	3,838,531
Pupil Transportation	101,004	66,004
Central	2,989,658	2,241,068
Operation of Non-Instructional Services	396,993	349,842
Extracurricular Activities	0	837
Total Program Expenses	36,027,900	33,571,729
Change in Net Assets	(2,700,998)	(862,032)
Net Assets Beginning of Year	21,581,979	22,444,011
Net Assets End of Year	$18,880,981	$21,581,979

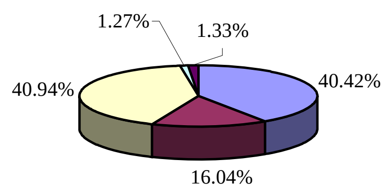
The Center's revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 81% of the Center's revenues for governmental activities.

The Center depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00.

Thus Ohio Schools do not receive additional property tax revenue from an increase in appraisal values and must regularly return to the voters to maintain a constant level of service.

Property taxes made up 41% of revenues for governmental activities for the Center in fiscal year 2008. The Center's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2008	Percent of Total
General Grants	$13,471,207	40.42%
Program Revenues	5,346,843	16.04%
General Tax Revenues	13,644,233	40.94%
Investment Earnings	422,322	1.27%
Other Revenues	442,297	1.33%
	$33,326,902	100.00%



Instruction comprises 59.0% of governmental program expenses. Support services expenses were 39.9% of governmental program expenses. All other expenses were 1.1% .

Operating Grants increased mainly due to an increase in grant monies received in 2008 compared to 2007. Total expenses increased slightly compared to 2007 due to general inflationary costs.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction	$21,241,614	$20,514,647	($16,928,331)	($16,182,239)
Support Services:				
Pupil and Instructional Staff	3,407,344	3,186,485	(3,216,545)	(3,181,470)
School Administrative, General Administration, Fiscal and Business	3,868,722	3,374,315	(3,812,807)	(3,309,280)
Operations and Maintenance	4,022,565	3,838,531	(4,014,901)	(3,825,863)
Pupil Transportation	101,004	66,004	(101,004)	(66,004)
Central	2,989,658	2,241,068	(2,577,752)	(2,107,952)
Operation of Non-Instructional Services	396,993	349,842	(29,717)	(274,842)
Extracurricular Activities	0	837	0	328,203
Total Expenses	$36,027,900	$33,571,729	($30,681,057)	($28,619,447)

The Center's Funds

The Center has two major governmental funds: the General Fund and Adult Education Fund. Assets of the general fund comprised $19,684,727 (92%) and the adult education fund comprised $574,408 (2.7%) of the total $21,343,372 governmental funds assets.

General Fund: Fund balance at June 30, 2008 was $1,938,951 a decrease in fund balance of $3,243,275 from 2007. The primary reason for the decrease in fund balance was due to an increase in expenditures.

Adult Education Fund: Fund balance at June 30, 2008 was $333,549 an increase in fund balance of $317,504 from 2007. The increase in fund balance was mainly due to a decrease in expenditures.

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the Center amended its General fund budgets; however none were significant. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the Center revised the Budgets in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was $27,795,818, compared to original budget estimates of $26,245,908. Of the $1,549,910 difference, most was due to an underestimation of taxes and intergovernmental revenue in the original budget.

The Center's ending unobligated cash balance for the General Fund was $859,277 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the Center had $18,501,496 invested in land, construction in process, buildings and improvements and equipment. Table 4 shows fiscal 2008 balances compared to fiscal 2007:

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

	Governmental Activities	
	2008	2007
Land	$480,000	$480,000
Construction in Progress	780,200	590,409
Buildings and Improvements	14,383,966	13,197,759
Equipment	2,857,330	2,865,047
Total Net Capital Assets	$18,501,496	$17,133,215

The increase in capital assets is due to acquisitions, offset by the recognition of deletions and depreciation expense.

See Note 6 to the basic financial statements for further details on the Center's capital assets.

Debt

At June 30, 2008, the Center had no outstanding debt.

For the Future

A challenge facing the Center is the future of state funds. On December 11, 2002, the Ohio Supreme Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The Center is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

In June of 2005, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2006 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, school districts are being reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the Center is not without challenges. Management must diligently plan future expenditures.

The Center has committed itself to financial excellence for many years. All of the Center's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the Center's finances, the Center's management is confident that the Center can continue to provide a quality education for our students and provide a secure financial future.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Debbie Gossett, Treasurer at Miami Valley Career Technology Center, 6800 Hoke Road, Clayton, Ohio 45315. Or E-mail at dgossett@mvctc.com.

Miami Valley Career Technology Center
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$6,444,199
Restricted Cash and Investments	73,220
Receivables:	
Taxes	14,589,421
Accounts	46,198
Interest	27,436
Intergovernmental	108,327
Nondepreciable Capital Assets	1,260,200
Depreciable Capital Assets, Net	17,241,296
Total Assets	39,790,297
Liabilities:	
Accounts Payable	913,481
Accrued Wages and Benefits	3,172,617
Contracts Payable	233,932
Unearned Revenue	12,905,149
Long-Term Liabilities:	
Due Within One Year	371,950
Due In More Than One Year	3,312,187
Total Liabilities	20,909,316
Net Assets:	
Invested in Capital Assets	18,501,496
Restricted for:	
Special Revenue	775,288
Capital Projects	122,078
Set-Aside	73,220
Unrestricted	(591,101)
Total Net Assets	$18,880,981

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$5,258,918	$97,602	$0	($5,161,316)
Special	380,419	0	0	(380,419)
Vocational	11,922,594	3,865	389,692	(11,529,037)
Adult	3,679,683	2,297,952	1,524,172	142,441
Support Services:				
Pupil	1,766,052	0	100,000	(1,666,052)
Instructional Staff	1,641,292	0	90,799	(1,550,493)
General Administration	54,192	0	0	(54,192)
School Administration	2,214,410	0	55,915	(2,158,495)
Fiscal	789,548	0	0	(789,548)
Business	810,572	0	0	(810,572)
Operations and Maintenance	4,022,565	3,170	4,494	(4,014,901)
Pupil Transportation	101,004	0	0	(101,004)
Central	2,989,658	8,172	403,734	(2,577,752)
Operation of Non-Instructional Services	396,993	367,276	0	(29,717)
Total Governmental Activities	$36,027,900	$2,778,037	$2,568,806	(30,681,057)

General Revenues:	
Property Taxes Levied for:	
General Purposes	13,644,233
Grants and Entitlements not Restricted to Specific Programs	13,471,207
Unrestricted Contributions	70,962
Investment Earnings	422,322
Refunds and Reimbursements	5,812
Other Revenues	365,523
Total General Revenues	27,980,059
Change in Net Assets	(2,700,998)
Net Assets Beginning of Year	21,581,979
Net Assets End of Year	$18,880,981

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Balance Sheet
Governmental Funds
June 30, 2008

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$4,918,025	$496,927	$1,029,247	$6,444,199
Restricted Cash and Investments	73,220	0	0	73,220
Receivables:				
Taxes	14,589,421	0	0	14,589,421
Accounts	18,334	23,313	4,551	46,198
Interest	27,436	0	0	27,436
Intergovernmental	3,720	54,168	50,439	108,327
Interfund	54,571	0	0	54,571
Total Assets	19,684,727	574,408	1,084,237	21,343,372
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	881,340	23,023	9,118	913,481
Accrued Wages and Benefits	3,001,827	170,790	0	3,172,617
Compensated Absences	114,881	0	0	114,881
Contracts Payable	79,039	0	154,893	233,932
Special Termination Benefits Payable	65,665	5,000	0	70,665
Interfund Payable	0	42,046	12,525	54,571
Deferred Revenue	13,603,024	0	50,439	13,653,463
Total Liabilities	17,745,776	240,859	226,975	18,213,610
Fund Balances:				
Reserved for Encumbrances	811,247	23,858	248,496	1,083,601
Reserved for Property Tax Advances	986,397	0	0	986,397
Reserved for Set-Aside	73,220	0	0	73,220
Unreserved, Undesignated, Reported in:				
General Fund	68,087	0	0	68,087
Special Revenue Funds	0	309,691	704,096	1,013,787
Capital Projects Funds	0	0	(95,330)	(95,330)
Total Fund Balances	1,938,951	333,549	857,262	3,129,762
Total Liabilities and Fund Balances	$19,684,727	$574,408	$1,084,237	$21,343,372

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
June 30, 2008

Total Governmental Fund Balance		$3,129,762
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.		18,501,496
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	697,875	
Intergovernmental	50,439	
		748,314
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences and Special Termination Benefits	(3,498,591)	
		(3,498,591)
Net Assets of Governmental Activities		$18,880,981

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$13,584,421	$0	$0	$13,584,421
Tuition and Fees	51,843	2,293,638	367,276	2,712,757
Investment Earnings	422,322	0	0	422,322
Intergovernmental	13,530,515	1,207,344	1,292,972	16,030,831
Extracurricular Activities	0	0	8,172	8,172
Other Revenues	452,204	46,663	537	499,404
Total Revenues	28,041,305	3,547,645	1,668,957	33,257,907
Expenditures:				
Current:				
Instruction:				
Regular	5,167,211	0	20,797	5,188,008
Special	257,403	0	0	257,403
Vocational	10,678,965	0	373,069	11,052,034
Adult	0	3,216,375	228,328	3,444,703
Support Services:				
Pupil	1,683,506	0	100,000	1,783,506
Instructional Staff	1,416,528	5,997	167,808	1,590,333
General Administration	54,192	0	0	54,192
School Administration	2,119,893	7,769	55,113	2,182,775
Fiscal	791,879	0	0	791,879
Business	804,437	0	0	804,437
Operations and Maintenance	4,348,444	0	4,494	4,352,938
Pupil Transportation	97,337	0	0	97,337
Central	2,884,042	0	409,762	3,293,804
Operation of Non-Instructional Services	126,549	0	270,444	396,993
Capital Outlay	354,194	0	1,620,906	1,975,100
Total Expenditures	30,784,580	3,230,141	3,250,721	37,265,442
Excess of Revenues Over (Under) Expenditures	(2,743,275)	317,504	(1,581,764)	(4,007,535)
Other Financing Sources (Uses):				
Transfers In	0	0	500,000	500,000
Transfers (Out)	(500,000)	0	0	(500,000)
Total Other Financing Sources (Uses)	(500,000)	0	500,000	0
Net Change in Fund Balance	(3,243,275)	317,504	(1,081,764)	(4,007,535)
Fund Balance Beginning of Year	5,182,226	16,045	1,939,026	7,137,297
Fund Balance End of Year	$1,938,951	$333,549	$857,262	$3,129,762

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balance - Total Governmental Funds			($4,007,535)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.			
Capital assets used in governmental activities		2,406,365	
Depreciation Expense		(1,038,084)	
			1,368,281
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Delinquent Property Taxes	59,812		
Intergovernmental	9,183		
			68,995
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Compensated Absences	(130,739)		
			(130,739)
Change in Net Assets of Governmental Activities			($2,700,998)

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	$15,889	$42,353
Total Assets	15,889	43,153
Liabilities:		
Accounts Payable	0	165
Other Liabilities	0	42,988
Total Liabilities	0	$43,153
Net Assets:		
Held in Trust	15,889	
Total Net Assets	$15,889	

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
Additions:	
Investment Earnings	$3,053
Total Additions	3,053
Deductions:	
Scholarships	0
Total Deductions	0
Change in Net Assets	3,053
Net Assets Beginning of Year	12,836
Net Assets End of Year	$15,889

See accompanying notes to the basic financial statements.

1. DESCRIPTION OF THE CENTER

Miami Valley Career Technology Center (Center) is a joint vocational school as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes high school and adult students to academic preparation and job training which lead to employment and/or further education upon graduation from high school. Miami Valley Career Technology Center includes twenty-seven member school districts throughout Montgomery, Butler, Champaign, Darke, Miami, Preble, Shelby and Warren counties. The first official body designated as the Miami Valley Career Technology Center Board of Education was formed in November 1967.

The Center operates under a board comprised of seventeen individuals. These individuals are elected to the board of the member schools districts, and are then appointed by their respective boards, except in counties with few member school districts. These counties have the County Educational Service Center appoint the individual to the Board, instead of all member school districts in the county appointing the individual.

The Center is a jointly governed organization, legally separate from other organizations. The Board of Education of the Miami Valley Career Technology 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 Miami Valley Career Technology Center.

The reporting entity is comprised of the jointly governed organization, component units and other organizations that are included to insure that the financial statements of the Center are not misleading. The jointly governed organization consists of all funds, departments, boards and agencies that are not legally separate from the Center. For Miami Valley Career Technology Center, this includes general operations 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 for the organization. The Center has no component units.

The Center is associated with four jointly governed organizations, one related organization and one public entity risk pool. These organizations are:

Jointly Governed Organizations:
- Metropolitan Dayton Educational Computer Association
- Southwestern Ohio Educational Purchasing Cooperative
- Southwestern Ohio Instructional Technology Association
- Ohio Association of Joint Vocational School Superintendents
- The Dayton Area Superintendent's Association

Related Organization:
- Miami Valley Career Technology Center Education Foundation

Public Entity Risk Pool:
- Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan

REPORTING ENTITY

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The Center is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the Center for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the Center's financial statements include only the funds and account groups of those organizational entities for which its elected governing body is financially accountable. The Center's major operations include education, pupil transportation, and maintenance of Center facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

MEASUREMENT FOCUS

Government-wide Financial Statements

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.

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Center are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program 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 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, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements

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

Fiduciary Funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

The Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Center are grouped into the categories governmental and fiduciary.

Governmental Funds

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

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

Adult Education – The adult education is used to account for educational opportunities offered on a tuition basis to adults living within the community.

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. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center has a private purpose trust fund which accounts for scholarship programs for students. The Center has a student activity, special trust, post-secondary vocational education, and pell grant agency funds which accounts for assets and liabilities generated by student managed, special trust, post-secondary vocational education, and pell grant 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. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenditures are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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. However, debt service expenditures, as well as any expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

EQUITY IN POOLED CASH AND INVESTMENTS

Cash received by the Center is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The Center has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year amounted to $422,322.

INVENTORY

Inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventory consists of food held for resale and consumable supplies. The Center had no inventory at year end.

CAPITAL ASSETS

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 two thousand five hundred dollars ($2,500). 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. Interest incurred during the construction of capital assets is also capitalized.

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

Description	Estimated Lives
Buildings and Improvements	15 - 40 years
Equipment	5 - 10 years

COMPENSATED ABSENCES

The Center reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The Center's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

Vacation	Certified	Administrators	Non-Certificated
How Earned	Not Eligible	20 days per year or 2.08-2.50 per month	10-20 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	Up to 2 years	Up to 2 years
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination

Sick Leave			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	295 days	295 days	295 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	1/4 paid upon retirement (up to 295 days) 15% beyond 295 days	30% paid upon retirement (up to 295 days) 20% beyond 295 days, but limited to 110 days	1/4 paid upon retirement (up to 295 days) 15% beyond 295 days

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the Center's $970,586 in restricted net assets, none were restricted by enabling legislation.

INTERFUND ACTIVITY

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

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, set-aside and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

ESTIMATES

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

RESTRICTED ASSETS

Restricted assets in the general fund represent equity in pooled cash and investments set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Center maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the Center into three categories:

> <u>Active Monies</u> - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the Center. Such monies must by law be maintained either as cash in the Center treasury, in depository accounts payable or withdrawable on demand.
>
> <u>Inactive Monies</u> – Those monies not required for use within the current five year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.
>
> <u>Interim Monies</u> – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

(1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

(2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

(3) No-load money market mutual funds consisting exclusively of obligations described in (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.

(4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.

(5) Bonds and other obligations of the State of Ohio.

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

(7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

(8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the Center's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys 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, 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 government's deposits may not be returned to it. The Center's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2008, $212,629 of the Center's bank balance of $312,629 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Center's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2008, the Center had the following investments:

Investment Type	Fair Value	Average Maturity (Years)
Federal Home Loan Bank	$2,215,847	0.63
Federal National Mortgage Association	200,000	1.75
Federal Home Loan Mortgage Association	1,950,643	0.57
Federal Home Loan Mortgage Association - Discount Note	440,012	0.82
Money Market Fund	16,501	0.00
STAR Ohio	1,646,940	0.15
Total Fair Value	$6,469,943	
Portfolio Weighted Average Maturity		0.53

Interest rate risk - 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 to five years.

Credit Risk – It is the Center's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The Center's investments in Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Association, and Federal Home Loan Mortgage Association – Discount Note were rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Investments in STAR Ohio were rated AAAm by Standard & Poor's.

Concentration of credit risk – The Center's investment policy allows investments in Federal Agencies or Instrumentalities. All investments were issued or guaranteed by the federal government. The Center has invested 34% in Federal Home Loan Bank, 3% in Federal National Mortgage Association, 30% in Federal Home Loan Mortgage Association, 7% in Federal Home Loan Mortgage Association – Discount Note, 25% in STAR Ohio and less than 1% in Money Market Funds.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Center's securities are either insured and registered in the name of the Center or at least registered in the name of the Center.

4. PROPERTY TAXES

Real property taxes collected in 2008 were levied after April 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). Each business was eligible to receive a $10,000 exemption in assessed value which was reimbursed by the State.

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending with no tax due in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing and equipment first reportable on the 2006 and subsequent year returns is not subject to the personal property tax.

Real property taxes are payable annually or semi-annually. In 2008, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The Center records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2008. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2008 on the fund statements. The entire amount of delinquent taxes receivable is recognized as revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current 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, 2008, was $986,397 for General Fund and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2008 operations.

The assessed value, by property classification, upon which taxes collected in 2008 were based as follows:

	Amount
Personal	$454,220,848
Real Estate	6,515,228,680
Total	$6,969,449,528

5. RECEIVABLES

Receivables at June 30, 2008, consisted of taxes, accounts, interest, interfund and intergovernmental grants. All receivables are considered collectible in full.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	$480,000	$0	$0	$480,000
Construction in Progress	590,409	780,200	590,409	780,200
Total capital assets, not being depreciated	1,070,409	780,200	590,409	1,260,200
Capital Assets, being depreciated:				
Buildings and Improvements	27,724,178	1,845,662	0	29,569,840
Equipment	7,300,803	370,912	0	7,671,715
Total capital assets being depreciated	35,024,981	2,216,574	0	37,241,555
Totals at Historical Cost	36,095,390	2,996,774	590,409	38,501,755
Less Accumulated Depreciation For:				
Buildings and Improvements	14,526,419	659,455	0	15,185,874
Equipment	4,435,756	378,629	0	4,814,385
Total Accumulated Depreciation	18,962,175	1,038,084	0	20,000,259
Total capital assets, being depreciated, net	17,133,215	1,958,690	590,409	18,501,496

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$76,154
Special	21,308
Vocational	763,830
Adult	38,231
Support Services:	
Pupils	194
Instructional Staff	5,786
School Administration	20,938
Fiscal	1,962
Business	1,376
Operations and Maintenance	25,365
Pupil Transportation	3,667
Central	79,273
Total Depreciation Expense	$1,038,084

7. LONG-TERM LIABILITIES

Governmental Activities:	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
Compensated Absences	$1,927,251	$468,881	$378,410	$2,017,722	$301,285
Special Termination Benefits	1,655,000	95,330	83,915	1,666,415	70,665
Total Governmental Activities Long-Term Liabilities	$3,582,251	$564,211	$462,325	$3,684,137	$371,950

Compensated absences and special termination benefits will be paid from the fund from which the person is paid.

8. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

Plan Description

The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling toll free (800) 878-5853 or by visiting the SERS website at www.ohsers.org.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The Center’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were $456,222, $398,274, and $401,713, respectively; 86% has been contributed for fiscal year 2008 and 100% for fiscal year 2007 and 2006.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

The Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, 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. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

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% of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited members accounts as employers submit their payroll information to STRS Ohio, generally 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.

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

A retiree of STRS Ohio or 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 hospitalizations, 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 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.

Funding Policy

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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2008, were 10% of covered payroll for members and 14% for employers. The Center's contributions to STRS for the years ended June 30, 2008, 2007, and 2006 were $2,684,955, $2,593,711, and $2,528,980, respectively; 88% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006.

9. POST EMPLOYMENT BENEFITS

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description

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 (ORC) 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 2007 (latest information available) was $93.50; 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 year 2007 (latest information available), the actuarially required allocation was .68%. Center contributions for the year ended June 30, 2008 were $22,159, which equaled the required contributions for the year.

Health Care Plan

ORC 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 HMO's, PPO's, 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 ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2007 (the latest information available), the health care allocation was 3.32%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The Center contributions for the years ended June 30, 2008, 2007, and 2006 were $108,190, $97,293, and $98,420, 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007 (the latest information available), the minimum compensation level was established at $35,800.

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 on 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 *Forms and Publications.*

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

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 authorized STRS Ohio to offer a cost-sharing, multi-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 programs includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 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 cost in the form of monthly premiums.

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 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2008, 2007 and 2006. The 14% employer contribution rate is the maximum rate established under Ohio law. The Center contributions for the years ended June 30, 2008, 2007, and 2006 were $191,783, $185,265, and $180,641, respectively.

10. EMPLOYEE BENEFITS

Special Termination Benefits

Employees who retire June 30, 2008, with at least 10 years experience were given a special termination benefit. For employees with at least ten years of service with the Center, the benefit was $10,000 for certified and classified employees. For employees with at least twenty years of service with the Center, the benefit was $15,000 for certified and classified employees. The employee must have at least ten years of service with the Center, and the final five years must be consecutive and be in a paid status immediately prior to retirement. Also, the benefit is only available for those employees who first become eligible to retire during fiscal year 2008. Notice of retirement must be given by March 30 for the special termination benefit to be payable. The benefit will be paid in two equal installments, with the first installment to be paid on the first regular pay period in the following January. The second installment will be paid by the following July 30. In this calculation, employees with 94.5% will use a multiplers of 100%. All others will be calculated at their actual percentage rounded to the nearest one hundreth.

Insurance Benefits

The Center provides life insurance and accidental death and dismemberment insurance to most employees through MetLife Life Insurance. Medical/surgical benefits are provided through United Health Care. Dental insurance is provided through Delta Dental.

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, 2008, five members of the Board of Education have elected Social Security. The Board’s liability is 6.2% of wages paid.

11. CONTINGENT LIABILITIES

GRANTS

The Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Center as of June 30, 2008.

LITIGATION

The Center's attorney estimates that all other potential claims against the Center not covered by insurance resulting from all other litigation would not materially affect the financial statements of the Center.

12. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND PUBLIC ENTITY RISK POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Computer Association

The Metropolitan Dayton Educational Computer Association (MDECA) is a jointly governed organization consisting of Dayton area school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. MDECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

Southwestern Ohio Educational Purchasing Cooperative

The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, of other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377-1171.

Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after nominating committee nominates individuals to run. One at-large non-public representative is elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal, state or local government for a public purpose. Payments to SOITA are made from the General Fund. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Ohio Association of *Joint Vocational School Superintendents*

The Ohio Association of Joint Vocational School Superintendents (OAJVSS) is a not-for-profit organization. The purpose of the OAJVSS is to encourage and foster the ideal of vocational education as a worthy and integral part of the total educational system. The governing body of the organization is the Executive Committee. The Executive Committee consists of the Board of Directors and officers. The Board of Directors consists of five members selected by the membership of OAJVSS. Members of the Board of Directors serve staggered three year terms. The Board of Directors is responsible for electing officers of the organization. Officers include a President, a Vice-President, a Secretary and a Treasurer. All member districts are required to pay membership fees. Payments to OAJVSS are made from the General Fund.

To obtain financial information, write to the Ohio Association of Joint Vocational School Superintendents, Robin White, who serves as President, at the Great Oaks Institute of Career Technology and Development, 3264 E. Kemper Road, Cincinnati, Ohio 45241-1581.

The Dayton Area Superintendent's Association

The Dayton Area Superintendent's Association (DASA) is an organization formed by area school Superintendents. The purpose of the organization is to serve as a forum for practicing superintendents to present problems, seek solutions, reach consensus and take appropriate action to resolve issues. The organization also shares information among its members and provides, on a contractual basis, in service education for the school management team.

Membership in the organization is open to the greater Dayton area school system superintendents, assistant superintendents, directors, and professional staff members of institutions of higher education, and/or Region IX of the Buckeye Association of School Administrators. Region IX presently includes Champaign, Clark, Darke, Greene, Miami, Montgomery, Preble, Shelby, and Warren Counties. The Executive Committee is comprised of eight representatives of DASA member schools or institutions. The members of the Executive Committee are elected annually in each county. The County Superintendent of each county is responsible for the nomination and election of their representative.

All member schools are obligated to pay all dues and fees established by the Executive Committee. To obtain financial information, write to The Dayton Area Superintendent's Association, Buddy Coffey, who serves as DASA Executive Secretary, at 451 West Third Street, Dayton, Ohio 45422-1040.

B. Related Organization

Miami Valley Career Technology Center Education Foundation

The Miami Valley Career Technology Center Education Foundation is a legally separate body politic. The board members of the Miami Valley Career Technology Center Education Foundation are appointed by the Center. The Center is not able to impose its will of the Miami Valley Career Technology Center Education Foundation and no financial benefit and/or burden relationship exists. The Miami Valley Career Technology Education Foundation is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. To obtain financial information write to the Miami Valley Career Technology Center Education Foundation, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315-9740.

C. Public Entity Risk Pool

Southwestern Ohio Educational Purchasing Cooperative

The Center participates in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

13. RISK MANAGEMENT

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the current fiscal year, the Center contracted with Phelan Insurance for general, property, and vehicle liability insurance. Coverages provided are as follows:

Building and Contents-replacement cost ($2,500 deductible)	$52,621,456
Crime Insurance ($500 deductible)	10,000
Automobile Liability ($1,000 deductible)	1,000,000
Uninsured Motorists ($1,000 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate	3,000,000

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

B. Workers' Compensation

For fiscal year, the Center participated in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool. 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 Centers is calculated as one experience and a common premium rate is applied to all Centers 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 then either receive money from or be required to contribute to the "Equity Pooling Fund." This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

14. FUND BALANCE RESERVES FOR SET-ASIDES

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

For fiscal year ended June 30, 2008, the Center was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

	Textbooks	Capital Acquisition	Budget Stabilization
Set Aside Reserve Balance as of June 30, 2007	($6,892,379)	$0	$73,220
Current Year Set Aside Requirements	327,198	327,198	0
Qualified Disbursements	(848,045)	(994,275)	0
Set Aside Reserve Balance as of June 30, 2008	($7,413,226)	($667,077)	$73,220
Restricted Cash as of June 30, 2008	$0	$0	$73,220
Carried Forward as of June 30, 2008	($7,413,226)		

Qualifying disbursements for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks totaled $7,740,424, resulting in $7,413,226 for carryover to offset textbook requirements in future years.

15. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2008, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	$54,571	$0	$0	$500,000
Adult Education	0	42,046	0	0
Other Governmental Funds	0	12,525	500,000	0
Total All Funds	$54,571	$54,571	$500,000	$500,000

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed. Interfund transfers are eliminated on the statement of activities.

16. ACCOUNTABILITY

The following funds had a deficit in fund balance:

Special Revenue Funds:	
Entry Year Teacher Programs	$3,200
Title V	2,097

The deficit in fund balance was due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

17. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Statement No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. This also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. Collectively, these benefits are commonly referred to as "other postemployment benefits (OPEB)."

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

18. SUBSEQUENT EVENT

The District entered into a contract to construct a new administration building and issued debt in the amount of $6,900,000 to finance the construction.

REQUIRED SUPPLEMENTARY INFORMATION

Miami Valley Career Technology Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$12,641,878	$13,388,424	$13,388,424	$0
Tuition and Fees	31,641	33,509	33,509	0
Investment Earnings	372,867	394,886	394,886	0
Intergovernmental	12,772,533	13,526,795	13,526,795	0
Other Revenues	426,989	452,204	452,204	0
Total Revenues	26,245,908	27,795,818	27,795,818	0
Expenditures:				
Current:				
Instruction:				
Regular	5,284,560	5,316,552	5,179,104	137,448
Special	309,009	310,880	302,843	8,037
Vocational	11,100,645	11,167,845	10,879,125	288,720
Support Services:				
Pupil	1,736,537	1,747,049	1,701,883	45,166
Instructional Staff	1,457,189	1,466,011	1,428,110	37,901
General Administration	62,090	62,466	60,851	1,615
School Administration	2,201,360	2,214,687	2,157,431	57,256
Fiscal	849,261	854,403	832,314	22,089
Business	844,953	850,068	828,091	21,977
Operations and Maintenance	4,908,751	4,938,467	4,810,794	127,673
Pupil Transportation	109,484	110,147	107,299	2,848
Central	3,018,571	3,036,845	2,958,334	78,511
Operation of Non-Instructional Services	133,599	134,408	130,933	3,475
Capital Outlay	367,977	370,205	360,634	9,571
Total Expenditures	32,383,986	32,580,033	31,737,746	842,287
Excess of Revenues Over (Under) Expenditures	(6,138,078)	(4,784,215)	(3,941,928)	842,287
Other financing sources (uses):				
Advances In	284,095	300,872	300,872	0
Advances (Out)	(5,405)	(5,438)	(5,297)	141
Transfers (Out)	(647,811)	(651,733)	(634,884)	16,849
Total Other Financing Sources (Uses)	(369,121)	(356,299)	(339,309)	16,990
Net Change in Fund Balance	(6,507,199)	(5,140,514)	(4,281,237)	859,277
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,620,512	7,620,512	7,620,512	0
Fund Balance End of Year	$1,113,313	$2,479,998	$3,339,275	$859,277

See accompanying notes to the required supplementary information.

Miami Valley Career Technology Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	$2,430,769	$2,417,983	$2,417,983	$0
Intergovernmental	1,239,933	1,233,411	1,233,411	0
Other Revenues	46,910	46,663	46,663	0
Total Revenues	3,717,612	3,698,057	3,698,057	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	3,302,148	3,393,790	3,289,322	104,468
Total Expenditures	3,302,148	3,393,790	3,289,322	104,468
Excess of Revenues Over (Under) Expenditures	415,464	304,267	408,735	104,468
Other financing sources (uses):				
Advances (Out)	(301,170)	(309,528)	(300,000)	9,528
Total Other Financing Sources (Uses)	(301,170)	(309,528)	(300,000)	9,528
Net Change in Fund Balance	114,294	(5,261)	108,735	113,996
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	347,171	347,171	347,171	0
Fund Balance End of Year	$461,465	$341,910	$455,906	$113,996

See accompanying notes to the required supplementary information.

MIAMI VALLEY CAREER TECHNOLOGY CENTER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2008

1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Technology Center Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2008.

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

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

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

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

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and adult education fund.

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	($3,243,275)	$317,504
Net Adjustment for Revenue Accruals	(245,487)	150,412
Net Adjustment for Expenditure Accruals	698,806	(18,160)
Transfers Out	(134,884)	0
Advances In	300,872	0
Advances (Out)	(5,297)	(300,000)
Encumbrances	(1,651,972)	(41,021)
Budget Basis	($4,281,237)	$108,735

Mary Taylor, CPA
Auditor of State

MIAMI VALLEY CAREER TECHNOLOGY CENTER

MONTGOMERY 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 17, 2009

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