MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

Mary Taylor, CPA
Auditor of State

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 6, 2010

The discussion and analysis of the Mid-East Career and Technology Centers' (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2010 are as follows**:**

- In total, net assets of governmental activities increased $26,005,619. This represents approximately a 137 percent increase from 2009.
- General revenues accounted for $37,727,327 in revenue or 85 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $6,866,907 or 15 percent of total revenues of $44,594,234.
- Total assets of governmental activities increased by $49,698,871 due mostly to the increases in property taxes receivable, investments in segregated accounts, and intergovernmental receivables.
- The Center had $18,588,615 in expenses related to governmental activities; only $6,866,907 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) in the amount of $37,727,327 were adequate enough to provide for these programs.
- Outstanding debt increased from $45,899 to $21,578,375 during fiscal year 2010.

Using this Basic Financial Statements Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 *Statement 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 non-major funds presented in total in one column.

Reporting the Center as a Whole

Statement of Net Assets and Statement of Activities

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 the 2009-2010 fiscal year?" The Statement of Net Assets and the Statement of Activities answer 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* of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. 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 Statement of Net Assets and the Statement of Activities, the Center's activities are all considered to be Governmental Activities, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major funds begins on page 8. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the General Fund, Adult Education Special Revenue Fund and the Local Funded Initiatives and Classroom Facilities Capital Projects 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or 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.

The Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net assets for 2010 compared to 2009.

Table 1
Net Assets

	Governmental Activities		
	2010	2009	Change
Assets			
Current and Other Assets	$72,589,921	$23,179,367	$49,410,554
Capital Assets	5,068,379	4,780,062	288,317
Total Assets	77,658,300	27,959,429	49,698,871
Liabilities			
Long-Term Liabilities	22,189,381	616,231	21,573,150
Other Liabilities	10,502,508	8,382,406	2,120,102
Total Liabilities	32,691,889	8,998,637	23,693,252
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,482,202	4,734,163	748,039
Restricted	25,636,633	1,066,767	24,569,866
Unrestricted	13,847,576	13,159,862	687,714
Total Net Assets	$44,966,411	$18,960,792	$26,005,619

Total assets increased $49,698,871. There are three areas that make up the majority of this increase. Property taxes receivable increased by $2,038,845 from the prior year. The increase in property taxes receivable was due to a permanent improvement levy passed by the voters of the Center during fiscal year 2009. However, the timing of the levy only generated a partial year receivable in fiscal year 2009, whereas for fiscal year 2010, a full year receivable is being presented. Investments in segregated accounts increased by $20,614,163 from the prior year due to the unspent proceeds related to the certificates of participation and tax anticipation notes issued for various capital projects. The increase in intergovernmental receivables of in the amount of $22,401,145 is largely due to a grant from the state in connection with the Classroom Facilities Program.

Total liabilities increased by $23,693,252. There are two areas that make up the majority of this increase. Deferred revenue increased by $1,874,072 and long-term liabilities increased by $21,573,150. The increase in deferred revenue was due to the increase in property taxes receivable as previously mentioned. The increase in long-term liabilities is a result the issuance of certificates of participation and tax anticipation notes during the year and along with the related premiums.

By comparing assets and liabilities, one can see the overall position of the Center has increased as evidenced by the increase in net assets of $26,005,619. The largest change is in restricted net assets which was the result of the state share of the Classroom Facilities Program that is restricted for the construction of school facilities.

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

Table 2
Change in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues:			
Charges for Services	$3,424,798	$2,348,867	$1,075,931
Operating Grants, Contributions, and Interest	3,418,550	3,809,058	(390,508)
Capital Grants and Contributions	23,559	0	23,559
Total Program Revenues	6,866,907	6,157,925	708,982
General Revenues:			
Property Taxes	7,055,450	5,223,912	1,831,538
Payments in Lieu of Taxes	36,275	0	36,275
Grants and Entitlements	30,269,471	6,413,328	23,856,143
Investment Earnings and Miscellaneous	366,131	447,958	(81,827)
Total General Revenues	37,727,327	12,085,198	25,642,129
Total Revenues	44,594,234	18,243,123	26,351,111
Program Expenses			
Instruction:			
Regular	1,972,269	1,747,270	224,999
Vocational	6,661,896	6,693,389	(31,493)
Adult/Continuing	3,037,354	2,107,315	930,039
Support Services:			
Pupils	1,057,825	997,711	60,114
Instructional Staff	697,063	663,499	33,564
Board of Education	80,062	85,242	(5,180)
Administration	1,386,365	1,365,817	20,548
Fiscal	760,188	631,365	128,823
Business	228,060	238,711	(10,651)
Operation and Maintenance of Plant	1,281,298	1,296,768	(15,470)
Pupil Transportation	76,607	72,471	4,136
Central	478,656	393,996	84,660
Operation of Non-Instructional Services	362,572	360,774	1,798
Extracurricular Activities	94,108	90,750	3,358
Interest	414,292	4,768	409,524
Total Expenses	18,588,615	16,749,846	1,838,769
Change in Net Assets	26,005,619	1,493,277	24,512,342
Net Assets Beginning of Year	19,207,385	17,714,108	1,493,277
Prior Period Adjustment	(246,593)	(246,593)	0
Restated Net Assets Beginning of Year (See Note 3)	18,960,792	17,467,515	1,493,277
Net Assets End of Year	$44,966,411	$18,960,792	$26,005,619

The Center's net assets increased $26,005,619. Charges for services increased $1,075,931 primarily due to increased enrollment in adult education classes. The largest increase in the general revenue category is an increase in grants and entitlements. This increase is attributable to the non-reimbursable grant from the State in the amount of $22,712,695. The largest fluctuation in expenses is reflected in the adult/continuing and interest programs - an increase of $930,039 and $409,524, respectively. The increase in the adult/continuing program is due to increased enrollment in adult education classes. The increase in interest expense is due to the accrued interest on the outstanding debt at the end of the fiscal year.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue 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. Property taxes made up 16 percent of revenues for governmental activities in fiscal year 2010. The remaining 84 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from the adult program.

Instructional programs comprise 63 percent of total governmental program expenses. Of the instructional expenses, approximately 57 percent is for vocational instruction, 26 percent is for adult/continuing instruction and 17 percent is for regular instruction.

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

Table 3 - Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Instructional Services:				
Regular	$1,972,269	$1,972,269	$1,747,270	$1,744,470
Vocational	6,661,896	4,235,860	6,693,389	3,613,431
Adult/Continuing	3,037,354	(93,003)	2,107,315	(101,421)
Suport Services:				
Pupils	1,057,825	879,848	997,711	824,005
Instructional Staff	697,063	61,729	663,499	413,023
Board of Education	80,062	80,062	85,242	85,242
Administration	1,386,365	1,386,365	1,365,817	1,365,817
Fiscal	760,188	648,573	631,365	548,096
Business	228,060	228,060	238,711	238,711
Operation and Maintenance of Plant	1,281,298	1,280,638	1,296,768	1,295,708
Pupil Transportation	76,607	76,607	72,471	72,471
Central	478,656	455,720	393,996	376,996
Operation of Non-Instructional Services	362,572	580	360,774	19,854
Extracurricular Activities	94,108	94,108	90,750	90,750
Interest	414,292	414,292	4,768	4,768
Total Expenses	$18,588,615	$11,721,708	$16,749,846	$10,591,921

The dependence upon tax revenues and state subsidies is apparent. Approximately 63 percent of total expenses are supported through taxes and other general revenues. Over the past several years the Center has remained in a stable financial position. The Center receives tax revenues from Muskingum, Guernsey, Licking, Coshocton, Perry, Washington, Monroe, Fairfield, and Noble Counties.

The Center's Major Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues in the amount of $22,001,589 and expenditures in the amount of $19,288,225.

The General Fund net change in fund balance before other financing sources and uses for the year was an increase in the amount of $1,156,300. This change indicates the amount by which the Center is exceeding in meeting its current obligations for fiscal year 2010. The Adult Education Special Revenue Fund net change in fund balance was an increase in the amount of $272,092. The increase is the result of this fund being able to more than match its expenditures with fixed revenue streams. The Local Funded Initiatives Capital Projects Fund's net change in fund balance for the year was an increase in the amount of $12,046,081. This change was due to the issuance of certificates of participation for various building improvements. The Classroom Facilities Capital Projects Fund's net change in fund balance reflected an increase in the amount of $8,950,018. This increase is due to the issuance of tax anticipation notes as part of the local share of the Classroom Facilities Program.

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 year 2010, the Center did not amend its General Fund budget from the original levels. For the General Fund, actual revenues exceeded final estimates by $229,072. In addition, actual expenditures had a variance of $495,727 when compared to final budgeted amounts. The reason for these minimal variances is because the Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The General Fund unencumbered ending cash balance totaled $10,991,872, which was $1,262,560 above the final budgeted amount of $9,729,312.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the Center had $5,068,379 invested in land, construction in progress, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2010 balances compared to 2009.

Table 4
Capital Assets at June 30

	Governmental Activities	
	2010	2009
Land	$333,075	$333,075
Construction in Progress	599,773	0
Buildings and Improvements	3,488,301	3,740,540
Vehicles	145,030	173,758
Machinery, Equipment, Furniture and Fixtures	502,200	532,689
Totals	$5,068,379	$4,780,062

See Note 10 for more detailed information of the Center's capital assets.

Debt

At June 30, 2010, the Center had $69,512 outstanding for capital leases, $12,443,876 in certificates of participation outstanding, and $9,064,987 in tax anticipation notes outstanding.

See Notes 16 and 17 for more detailed information about the Center's debt.

Economic Factors

During fiscal year 2010, General Fund revenues exceeded General Fund expenditures by $1,156,300, but there were other financing sources and uses that reduced this amount to $1,131,154. However, as the preceding information shows, the Center depends on its property taxpayers.

The Center has continued to keep spending in line with revenues. Careful monitoring of the Center finances must continue if the Center hopes to remain on firm financial footing. The Board of Education and administration of the Center must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Center as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information contact Richard L. White, Treasurer/CFO at Mid-East Career and Technology Centers, 400 Richards RD., Zanesville, Ohio 43701, or e-mail at rwhite@mid-east.k12.oh.us.

Mid-East Career and Technology Centers, Ohio
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$17,934,424
Cash and Cash Equivalents in Segregated Accounts	443,262
Investments in Segregated Accounts	20,614,163
Accounts Receivable	88,133
Inventory Held for Resale	13,192
Materials and Supplies Inventory	87,928
Prepaid Items	149,314
Accrued Interest Receivable	29,531
Property Taxes Receivable	10,199,096
Payment in Lieu of Taxes Receivable	37,554
Intergovernmental Receivable	22,558,255
Deferred Charges	435,069
Nondepreciable Capital Assets	932,848
Depreciable Capital Assets, Net	4,135,531
Total Assets	77,658,300
Liabilities	
Matured Compensated Absences Payable	49,884
Accounts Payable	83,053
Contracts Payable	61,708
Accrued Wages and Benefits Payable	1,243,517
Intergovernmental Payable	248,808
Accrued Interest Payable	57,805
Deferred Revenue	8,633,438
Vacation Benefits Payable	124,295
Long-Term Liabilities:	
Due Within One Year	1,888,016
Due In More Than One Year	20,301,365
Total Liabilities	32,691,889
Net Assets	
Invested in Capital Assets, Net of Related Debt	5,482,202
Restricted for:	
Debt Service	603,388
Capital Projects	23,427,696
Set Asides	45,566
Adult Education	1,105,366
Other Purposes	454,617
Unrestricted	13,847,576
Total Net Assets	$44,966,411

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets: Governmental Activities
Governmental Activities					
Instruction:					
Regular	$1,972,269	$0	$0	$0	($1,972,269)
Vocational	6,661,896	467,719	1,958,317	0	(4,235,860)
Adult/Continuing	3,037,354	2,408,381	721,976	0	93,003
Support Services:					
Pupils	1,057,825	0	177,977	0	(879,848)
Instructional Staff	697,063	377,741	257,593	0	(61,729)
Board of Education	80,062	0	0	0	(80,062)
Administration	1,386,365	0	0	0	(1,386,365)
Fiscal	760,188	0	88,056	23,559	(648,573)
Business	228,060	0	0	0	(228,060)
Operation and Maintenance of Plant	1,281,298	660	0	0	(1,280,638)
Pupil Transportation	76,607	0	0	0	(76,607)
Central	478,656	0	22,936	0	(455,720)
Operation of Non-Instructional Services:					
Food Service Operations	362,572	170,297	191,695	0	(580)
Extracurricular Activities	94,108	0	0	0	(94,108)
Interest	414,292	0	0	0	(414,292)
Total Governmental Activities	$18,588,615	$3,424,798	$3,418,550	$23,559	(11,721,708)

General Revenues	
Property Taxes Levied for General Purposes	4,580,117
Property Taxes Levied for Building Maintenance	333,443
Property Taxes Levied for Debt Service	1,483,279
Property Taxes Levied for Capital Outlay	658,611
Payments in Lieu of Taxes	36,275
Grants and Entitlements not Restricted to Specific Programs	30,269,471
Investment Earnings	289,262
Miscellaneous	76,869
Total General Revenues	37,727,327
Change in Net Assets	26,005,619
Net Assets Beginning of Year - Restated (See Note 3)	18,960,792
Net Assets End of Year	$44,966,411

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Balance Sheet
Governmental Funds
June 30, 2010

	General	Adult Education	Local Funded Initiatives	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$11,063,617	$1,150,369	$0	$334,472	$5,338,413	$17,886,871
Cash and Cash Equivalents in Segregated Accounts	0	0	121,939	321,323	0	443,262
Investments in Segregated Accounts	0	0	11,942,959	8,671,204	0	20,614,163
Inventory Held for Resale	0	0	0	0	13,192	13,192
Materials and Supplies Inventory	80,680	0	0	0	7,248	87,928
Accounts Receivable	23,423	55,968	0	0	8,742	88,133
Intergovernmental Receivable	32,052	71,253	0	22,271,479	183,471	22,558,255
Accrued Interest Receivable	22,266	1,925	0	0	5,340	29,531
Interfund Receivable	17,632	0	0	0	0	17,632
Prepaid Items	106,236	29,187	0	0	13,891	149,314
Restricted Asset - Equity in Pooled Cash and Cash Equivalents	47,553	0	0	0	0	47,553
Payment In Lieu of Taxes Receivable	37,554	0	0	0	0	37,554
Property Taxes Receivable	6,334,795	0	0	0	3,864,301	10,199,096
Total Assets	$17,765,808	$1,308,702	$12,064,898	$31,598,478	$9,434,598	$72,172,484
Liabilities						
Accounts Payable	$52,765	$27,820	$0	$0	$2,468	$83,053
Contracts Payable	0	0	18,817	42,891	0	61,708
Accrued Wages and Benefits Payable	1,024,765	103,741	0	0	115,011	1,243,517
Matured Compensated Absences Payable	49,884	0	0	0	0	49,884
Intergovernmental Payable	193,212	23,408	0	0	32,188	248,808
Interfund Payable	0	0	0	0	17,632	17,632
Deferred Revenue	6,183,188	65,941	0	22,271,479	3,781,125	32,301,733
Total Liabilities	7,503,814	220,910	18,817	22,314,370	3,948,424	34,006,335
Fund Balances						
Reserved for Encumbrances	88,313	28,321	482,733	604,196	2,739	1,206,302
Reserved for Unclaimed Monies	1,987	0	0	0	0	1,987
Reserved for Budget Stabilization	45,566	0	0	0	0	45,566
Reserved for Property Taxes	219,393	0	0	0	143,252	362,645
Unreserved:						
Designated:						
Designated for Budget Stabilization	128,102	0	0	0	0	128,102
Undesignated, Reported in:						
General Fund	9,778,633	0	0	0	0	9,778,633
Special Revenue Funds	0	1,059,471	0	0	922,191	1,981,662
Debt Service Funds	0	0	0	0	1,350,056	1,350,056
Capital Projects Funds	0	0	11,563,348	8,679,912	3,067,936	23,311,196
Total Fund Balances	10,261,994	1,087,792	12,046,081	9,284,108	5,486,174	38,166,149
Total Liabilities and Fund Balances	$17,765,808	$1,308,702	$12,064,898	$31,598,478	$9,434,598	

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.		5,068,379
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	1,240,567	
Interest	9,362	
Tuition and Fees	8,728	
Support Services - Central	23,173	
Grants	22,386,465	23,668,295
Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(124,295)
Unamortized issuance costs represents deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		435,069
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(57,805)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(69,512)	
Tax Anticipation Notes	(9,064,987)	
Certificates of Participation	(12,443,876)	
Compensated Absences	(611,006)	(22,189,381)
Net Assets of Governmental Activities		$44,966,411

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Adult Education	Local Funded Initiatives	Classroom Facilities	Other Govermental Funds
Revenues					
Property Taxes	$4,693,178	$0	$0	$0	$2,033,864
Payment in Lieu of Taxes	35,428	0	0	0	847
Intergovernmental	8,740,175	350,156	0	441,216	1,818,473
Interest	174,006	14,577	34,499	29,954	45,518
Tuition and Fees	52,255	2,786,122	0	0	124,128
Rent	660	0	0	0	0
Gifts and Donations	0	0	0	0	88,649
Charges for Services	290,718	0	0	0	170,297
Miscellaneous	68,378	0	0	0	8,491
Total Revenues	14,054,798	3,150,855	34,499	471,170	4,290,267
Expenditures					
Current:					
Instruction:					
Regular	1,970,269	0	0	0	564
Vocational	5,730,178	0	0	0	711,768
Adult/Continuing	8,992	2,529,559	0	0	455,461
Support Services:					
Pupils	849,415	0	0	0	177,850
Instructional Staff	158,561	278,501	0	0	242,411
Board of Education	77,540	0	0	0	0
Administration	1,393,555	0	0	0	0
Fiscal	641,895	70,703	0	0	37,884
Business	213,661	0	0	0	0
Operation and Maintenance of Plant	1,127,735	0	0	0	59,307
Pupil Transportation	55,769	0	0	0	0
Central	513,938	0	0	0	36,214
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	0	349,835
Extracurricular Activities	87,675	0	0	0	6,433
Capital Outlay	43,150	0	165,604	434,169	0
Debt Service:					
Principal Retirement	19,537	0	0	0	0
Interest and Fiscal Charges	6,628	0	0	0	366,268
Issuance Costs	0	0	291,894	175,302	0
Total Expenditures	12,898,498	2,878,763	457,498	609,471	2,443,995
Excess of Revenues Over (Under) Expenditures	1,156,300	272,092	(422,999)	(138,301)	1,846,272
Other Financing Sources (Use)					
Transfers In	0	0	0	0	58,050
Certificates of Participation Issued	0	0	11,965,000	0	0
Premium on Certificates of Participation Issued	0	0	504,080	0	0
Tax Anticipation Notes Issued	0	0	0	8,855,000	0
Premium on Tax Anticipation Notes Issued	0	0	0	233,319	0
Inception of Capital Lease	43,150	0	0	0	0
Transfers Out	(68,296)	0	0	0	0
Total Other Financing Sources (Use)	(25,146)	0	12,469,080	9,088,319	58,050
Net Change in Fund Balances	1,131,154	272,092	12,046,081	8,950,018	1,904,322
Fund Balances Beginning of Year	9,130,840	815,700	0	334,090	3,581,852
Fund Balances End of Year	$10,261,994	$1,087,792	$12,046,081	$9,284,108	$5,486,174

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds			$24,303,667
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:			
	Capital Asset Additions	721,892	
	Current Year Depreciation	(390,141)	331,751
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of assets.			(43,434)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenditures in the funds:			
	Property Taxes	328,408	
	Support Services - Central	23,173	
	Interest	8,067	
	Tuition and Fees	618	
	Grants	22,255,544	22,615,810
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement on net assets.			19,537
Inception of a capital lease is reported as an other financing source in the governmental funds, but the inception increases long-term liabilities on the statement of net assets.			(43,150)
Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of net assets:			
	Certificates of Participation	(11,965,000)	
	Tax Anticipation Notes	(8,855,000)	
	Premiums	(737,399)	(21,557,399)
Bond issuance costs are expenditures in governmental funds when paid, but are reported as deferred charges assets on the statement of net assets.			467,196
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 the governmental funds:			
	Accrued Interest	(57,805)	
	Amortization of Premiums	48,536	
	Amortization of Issuance Costs	(32,127)	(41,396)
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	(40,674)	
	Vacation Benefits	(11,271)	(51,945)
The internal service fund, used by management to charge the costs of insurance to individual funds, is not reported in the district-wide statement of activities. The net change of the internal service fund is reported with governmental activities.			4,982
Change in Net Assets of Governmental Activities			$26,005,619

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$4,818,000	$4,818,000	$4,995,637	$177,637
Payment in Lieu of Taxes	37,000	37,000	35,428	(1,572)
Intergovernmental	8,627,371	8,627,371	8,739,746	112,375
Interest	235,000	235,000	155,898	(79,102)
Tuition and Fees	41,400	41,400	52,912	11,512
Rentals	800	800	410	(390)
Charges for Services	290,800	290,800	291,594	794
Miscellaneous	11,290	11,290	19,108	7,818
Total Revenues	14,061,661	14,061,661	14,290,733	229,072
Expenditures				
Current:				
Instruction:				
Regular	1,849,656	1,850,156	1,914,263	(64,107)
Vocational	6,178,044	6,085,244	5,769,228	316,016
Adult/Continuing	15,250	15,250	8,870	6,380
Support Services:				
Pupils	872,151	872,151	850,617	21,534
Instructional Staff	177,309	179,759	164,372	15,387
Board of Education	113,975	113,975	77,967	36,008
Administration	1,401,354	1,401,054	1,377,508	23,546
Fiscal	651,427	651,577	660,513	(8,936)
Business	258,889	258,889	220,479	38,410
Operation and Maintenance of Plant	1,216,055	1,236,055	1,148,014	88,041
Pupil Transportation	57,699	57,699	57,344	355
Central	495,463	555,463	542,400	13,063
Extracurricular Activities	95,121	105,121	95,091	10,030
Debt Service:				
Principal Retirement	19,537	19,537	19,537	0
Interest and Fiscal Charges	6,628	6,628	6,628	0
Total Expenditures	13,408,558	13,408,558	12,912,831	495,727
Excess of Revenues Over Expenditures	653,103	653,103	1,377,902	724,799
Other Financing Sources (Uses)				
Advances In	80,000	80,000	80,000	0
Proceeds from Sale of Capital Assets	28,000	28,000	0	(28,000)
Refund of Prior Year Expenditures	1,500	1,500	20,557	19,057
Advances Out	(70,000)	(70,000)	0	70,000
Transfers Out	(545,000)	(545,000)	(68,296)	476,704
Total Other Financing Sources (Uses)	(505,500)	(505,500)	32,261	537,761
Net Change in Fund Balance	147,603	147,603	1,410,163	1,262,560
Fund Balance Beginning of Year	9,447,362	9,447,362	9,447,362	0
Prior Year Encumbrances Appropriated	134,347	134,347	134,347	0
Fund Balance End of Year	$9,729,312	$9,729,312	$10,991,872	$1,262,560

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$366,509	$366,509	$350,156	($16,353)
Interest	0	0	12,976	12,976
Tuition and Fees	2,797,597	2,858,899	2,743,875	(115,024)
Total Revenues	3,164,106	3,225,408	3,107,007	(118,401)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	2,792,726	2,879,470	2,567,599	311,871
Support Services:				
Instructional Staff	322,030	322,030	279,280	42,750
Fiscal	83,229	83,229	70,559	12,670
Total Expenditures	3,197,985	3,284,729	2,917,438	367,291
Excess of Revenues Over (Under) Expenditures	(33,879)	(59,321)	189,569	248,890
Other Financing Source				
Refund of Prior Year Expenditures	0	0	1,100	1,100
Net Change in Fund Balance	(33,879)	(59,321)	190,669	249,990
Fund Balance Beginning of Year	871,051	871,051	871,051	0
Prior Year Encumbrances Appropriated	32,873	32,873	32,873	0
Fund Balance End of Year	$870,045	$844,603	$1,094,593	$249,990

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Dental Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2010

Operating Revenues	
Charges for Services	$26,459
Operating Expenses	
Purchased Services	2,712
Claims	29,019
Total Operating Expenses	31,731
Operating Loss	(5,272)
Non-Operating Revenue	
Interest	8
Loss Before Transfers	(5,264)
Transfers In	10,246
Change in Net Assets	4,982
Net Assets (Deficit) Beginning of Year	(4,982)
Net Assets End of Year	$0

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Cash Flows
Dental Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2010

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	$26,459
Cash Payments for Goods and Services	(2,712)
Cash Payments for Claims	(42,736)
Net Cash Used for Operating Activities	(18,989)
Cash Flows from Noncapital Financing	
Transfers In	10,246
Cash Flows from Investing Activities	
Interest on Investments	8
Net Decrease in Cash and Cash Equivalents	(8,735)
Cash and Cash Equivalents Beginning of Year	8,735
Cash and Cash Equivalents End of Year	$0
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($5,272)
Changes in Liabilities	
Decrease in Claims Payable	(13,717)
Net Cash Used for Operating Activities	($18,989)

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$0	$62,725
Cash and Cash Equivalents in Segregated Accounts	5,555	0
Investments in Segregated Accounts	399,724	0
Total Assets	405,279	$62,725
Liabilities		
Due to Students	0	$62,725
Total Liabilities	0	$62,725
Net Assets		
Endowments	35,000	
Held in Trust for Students	370,279	
Total Net Assets	$405,279	

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2010

	Private Purpose Trust
Additions	
Interest	$5,364
Increase in Fair Value of Investments	37,913
Total Additions	43,277
Net Assets Beginning of Year	362,002
Net Assets End of Year	$405,279

See accompanying notes to the basic financial statements

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Note 1 - Description of the Center and Reporting Entity

On April 12, 1965, the State of Ohio Board of Education approved the creation of the Muskingum Area Joint Vocational School District. In 1985, the name was changed to the Mid-East Ohio Vocational School District, and on August 11, 2003, the name was changed to the Mid-East Career and Technology Centers. The Center is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school.

The Center includes thirteen member schools as follows: Caldwell Exempted Village School District, Cambridge City School District, Crooksville Exempted Village School District, East Guernsey Local School District, East Muskingum Local School District, Franklin Local School District, Maysville Local School District, Noble Local School District, Northern Local School District, Rolling Hills Local School District, Tri-Valley Local School District, West Muskingum Local School District, and Zanesville City School District. The Center is staffed by seventy-one classified employees and one hundred and twelve certified teaching personnel who provide services to one thousand one hundred forty students and other community members. The Center currently operates seven instructional buildings on two campuses.

The Center operates under a thirteen member appointed Board of Education and is responsible for the provision of public education to residents of the Center. The Board consists of one member from the participating school districts' elected Boards, appointed by the Board of Education of each of the above districts, with the exception of Northern Local School District's representative, who is appointed from the Perry County Board of Education.

Reporting Entity

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

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

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

The Center participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Coalition of Rural and Appalachian Schools (CORAS), the Ohio Coalition for Equity and Adequacy of School Funding, and the Metropolitan Education Council (MEC), which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as a group insurance purchasing pool. Additional information concerning these organizations is presented in Note 18.

Note 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 Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Center's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the Center that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net assets presents the financial condition of the governmental activities of the Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center. 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 During the fiscal year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

> ***General Fund*** The General Fund is the operating fund of the Center and is used to account for all financial resources except those required to be accounted for in another fund.
>
> ***Adult Education*** The Adult Education Special Revenue Fund accounts for all transactions made in connection with adult education classes.
>
> ***Local Funded Initiatives*** The Local Funded Initiatives Capital Projects Fund accounts for transactions related to the Center's building projects that are not part of the Classroom Facilities Program.
>
> ***Classroom Facilities*** The Classroom Facilities Capital Projects Fund accounts for the local and state share of a school facilities project administered through the Ohio School Facilities Commission proceeds of a levy passed by the voters of the Center to be used for permanent improvements. The local share of the project is funded through tax anticipation note proceeds.

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

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

> ***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Center on a cost reimbursement basis. The Center's internal service fund accounts for the operation of the Center's self-insurance program for employee dental claims (see Note 12).

Fiduciary Fund Types 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. The Center's private purpose trust fund accounts for a college scholarship program for nursing students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency funds account for student activities and Pell grants. The Center serves as the fiscal agent for the Pell grants in a custodial capacity only.

C. Measurement Focus

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

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.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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 60 days of fiscal year end.

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). 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 fiscal year end: property taxes available as an advance, interest, tuition, grants, fees, and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the Center is pooled. Monies for all funds, except a portion of the private purpose trust monies and segregated accounts, are maintained in this pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2010, the Center's investments were limited to federal agency securities, stocks, repurchase agreements, non-participating certificates of deposit, certificates of deposit, money markets, and STAROhio. Repurchase agreements, non-participating certificates of deposit, and certificates of deposit and money markets are reported at cost. Investments in federal agency securities and stocks are stated at fair value based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Non-participating investment contracts are reported at cost or amortized cost. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Based upon Board policy, the Center distributes interest to the General Fund, the Adult Education, Fox Scholarship, and Food Service Special Revenue Funds, Local Funded Initiatives, Classroom Facilities, and Permanent Improvement Capital Projects Funds, Rogge Trust Scholarship Private Purpose Trust Fund, and the Self-Insurance Fund. Interest revenue credited to the General Fund during fiscal year 2010 amounted to $174,006, which includes $93,277 assigned from other Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents.
Investments with an original maturity of greater than three months and not purchased from the cash management pool are presented on the financial statements as cash and cash equivalents and investments in segregated accounts.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which services are consumed.

G. Inventory

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

H. Capital Assets

All of the Center's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	50 Years
Vehicles	8-10 Years
Machinery, Equipment, Furniture and Fixtures	5-25 Years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer 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 vacation eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for all employees after seventeen years of current service with the Center and who are within ten years of retirement.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be made.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

On the governmental fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Interfund Activity

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

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

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

N. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization and amounts representing unclaimed monies. See Note 20 for additional information regarding set asides.

O. Fund Balance Reserves and Designations

The Center reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, unclaimed monies, budget stabilization, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

The Center has a designation of unreserved fund balance on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute.

P. 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 enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net assets, none has resulted from enabling legislation.

Net assets restricted for other purposes include resources restricted for adult education operations and state and federal grants restricted to expenditure for specified purposes.

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Center, these revenues are charges for services for self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

S. 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.

T. Budgetary Data

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

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

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

Note 3 - Changes in Accounting Principles *and Restatement of Net Assets*

A. Changes in Accounting Principles

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

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

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

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

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

B. Restatement of Net Assets

In prior years, based upon GASB guidance, tax increment financing arrangements were to be treated as exchange transactions and a receivable was recognized for the full amount of the tax increment financing in the year in which the agreement was entered into. GASB has now indicated that the tax increment financing agreements are imposed nonexchange transactions rather than exchange transactions. This restatement decreased net assets in the amount of $246,593 from $19,207,385 to $18,960,792.

Note 4 - Accountability

At June 30, 2010, the Vocational Education Special Revenue Fund had a deficit fund balance in the amount of $20,559. This deficit is due to adjustments for accrued liabilities in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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 Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Adult Education Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budgets. 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 (budget basis) rather than as a reservation of fund balance (GAAP basis).

4. Unrecorded cash and changes in fair market value represent amounts received or adjusted to revenue but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	$1,131,154	$272,092
Net Adjustment for Revenue Accruals	259,393	(42,282)
Unrecorded Cash - Prior Year	8	0
Unrecorded Cash - Current Year	9,750	664
Increase in Market Value of Investments - Prior Year	10,776	897
Increase in Market Value of Investments - Current Year	(23,435)	(2,027)
Prepaid Items - Prior Year	92,666	16,500
Prepaid Items - Current Year	(106,236)	(29,187)
Net Adjustment for Expenditure Accruals	79,332	28,425
Advances In	80,000	0
Encumbrances	(123,245)	(54,413)
Budget Basis	$1,410,163	$190,669

Note 6 - Deposits and Investments

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

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

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

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

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

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

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

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

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) above;

7. The State Treasurer's investment pool (STAROhio); and,

8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $9,378,557 of the Center's bank balance of $13,689,166 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

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

Investments: As of June 30, 2010, the Center had the following investments:

	Fair Value	Maturity	S&P/Moody's Rating	Percent of Total Investments
Federal Home Loan Mortgage Corporation - Discount Note	$1,909,045	10/25/2010	AAA	13.58%
Federal National Mortgage Association	170,028	5/4/2012	AAA	1.21%
Federal Home Loan Bank Bond	1,277,518	4/9/2015-5/26/2015	AAA	9.09%
Federal Home Loan Bank Agency Note	6,963,318	12/27/2010-4/16/2012	AAA	49.55%
Federal National Mortgage Association - Agency Note	961,032	2/23/2012-3/30/2015	AAA	6.84%
Federal National Mortgage Association - Discount Note	254,445	12/1/2010-4/26/2011	AAA	1.81%
Federal Home Loan Bank Discount Note	899,550	10/21/2010	AAA	6.40%
Federal Home Loan Mortgage Corporation - Agency Note	505,525	4/15/2015	AAA	3.60%
Repurchase Agreement	575,944	1 Day	AAA	4.10%
Massachusetts Investors Trust - Domestic Conservative Stock	399,724	N/A	N/A	2.84%
STAROhio	138,005	Average 56 days	AAAm	0.98%
Total	$14,054,134			

Interest Rate Risk

The Center's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily. The stated intent of the investment policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center has no investment policy that addresses custodial credit risk.

Concentration of Credit Risk

The Center places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the Center. Real property tax revenues received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2010 represent collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility real property is assessed at twenty-five percent of true value.

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personalproperty of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased downfrom 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. The County Auditor periodically advances to the Center its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2010 are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

At June 30, 2010, $219,393 was available as an advance in the General Fund and $143,252 was available in the Permanent Improvement Levy Capital Projects Fund. The amount available as an advance at June 30, 2009, was $521,852 in the General Fund.

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

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

	2009 Second-Half Collections		2010 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$2,389,192,920	90.32%	$2,534,195,300	92.70%
Public Utility Personal	177,177,670	6.70%	195,799,700	7.17%
General Business Personal	78,871,028	2.98%	3,821,445	0.13%
Total	$2,645,241,618	100.00%	$2,733,816,445	100.00%
Tax rate per $1,000 of assessed valuation	$3.20		$3.20	

Note 8 - Receivables

Receivables at June 30, 2010, consisted of property taxes, payment in lieu of taxes, accounts, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, payments in lieu of taxes and the classroom facilities grant, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $1,240,567 may not be collected within one year. The portion of the State Classroom Facilities grant totaling $22,271,479 that will be paid to the Center through the Ohio School Facilities Commission for future construction will not be collected within one year.

On October 1, 2009, the Center was awarded $22,712,695 for renovations to buildings on two campuses under the State's "Classroom Facilities Program". Under this program, the Center entered into an agreement with the State of Ohio in which the State would pay for a portion of the estimated project costs. As part of the process, the Center maintains a fund into which a set amount of proceeds from a levy is receipted for facilities maintenance. As of the end of the fiscal year 2010, the Center had received $441,216 of the monies awarded under this program. The remaining amount of $22,271,479 is recorded as a receivable and deferred revenue on the balance sheet.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Title II-A	$1,251
Adult Education Grant/Reimbursements	71,253
ABLE Grant	76,341
Carl D. Perkins Secondary Grant	54,384
Carl D. Perkins Adult Grant	24,667
Adult Full Service	0
Federal Lunchroom Reimbursement	26,828
GED Testing Reimbursement	2,490
Ohio School Facilities Grant	22,271,479
Miscellaneous Intergovernmental Reimbursements	29,562
Total	$22,558,255

Note 9 - Interfund Balances

At June 30, 2010, the General Fund had an interfund receivable from the Miscellaneous Federal Grants and Vocational Education Grant Special Revenue Funds in the amounts of $8,111 and $9,521, respectively on the governmental fund balance sheet. These transactions are the result of interfund loans used to provide cash flow resources until the receipt of grant monies.

Note 10 - Capital Assets

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

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Nondepreciable Capital Assets				
Land	$333,075	$0	$0	$333,075
Construction in Progress	0	599,773	0	599,773
Total Nondepreciable Assets	333,075	599,773	0	932,848
Depreciable Capital Assets				
Buildings and Improvements	10,809,068	0	0	10,809,068
Vehicles	528,759	0	0	528,759
Machinery, Equipment, Furniture and Fixtures	1,915,503	122,119	(226,794)	1,810,828
Total Capital Assets Being Depreciated	13,253,330	122,119	(226,794)	13,148,655
Less Accumulated Depreciation:				
Buildings and Improvements	(7,068,528)	(252,239)	0	(7,320,767)
Vehicles	(355,001)	(28,728)	0	(383,729)
Machinery, Equipment, Furniture and Fixtures	(1,382,814)	(109,174)	183,360	(1,308,628)
Total Accumulated Depreciation	(8,806,343)	(390,141) *	183,360	(9,013,124)
Total Capital Assets Being Depreciated, Net	4,446,987	(268,022)	(43,434)	4,135,531
Governmental Activities Capital Assets, Net	$4,780,062	$331,751	($43,434)	$5,068,379

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$23,327
Vocational	138,766
Adult/Continuing	23,226
Support Services:	
Pupils	5,045
Instructional Staff	10,021
Board of Education	2,522
Administration	24,444
Fiscal	4,827
Business	12,612
Operation and Maintenance of Plant	91,728
Pupil Transportation	20,838
Central	23,981
Non-Instructional Services - Food Service Operations	8,804
Total Governmental Depreciation	$390,141

Note 11 - Interfund Transfers

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	Transfers To		
Transfer From	Other Nonmajor Governmental	Dental Self-Insurance	Total
General Fund	$58,050	$10,246	$68,296
	$58,050	$10,246	$68,296

The Center transferred $58,050 from the General Fund to the Local Funds Special Revenue Fund. This transfer was to reimburse that fund for fees lost due to House Bill 1 which states that the Center can't charge students who qualify for the free and reduced lunch program. The Center also transferred $10,246 to the Dental Self-Insurance Internal Service Fund to provide funding for the residual run out claims costs.

Note 12 - Risk Management

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the Center contracted with Utica National Insurance Group, through The Young Insurance Agency, for property, boiler and machinery, inland marine, crime insurance, general liability insurance, and fleet insurance. Coverage is as follows:

Building and Contents-replacement cost	$37,983,857	$5,000 deductible
Earthquake Insurance	4,000,000	$1,000 deductible
Commercial Liablity		
Per Occurrence	3,000,000	n/a
Aggregate Per Year	3,000,000	n/a
Inland Marine		
Data Processing	54,478	$500 deductible
Builders' Risk	90,000	$1,000 deductible
Valuable Papers and Records	100,000	$500 deductible
Miscellaneous School Equipment	500,000	$500 deductible
Crime Insurance		
Employee Theft	100,000	$500 deductible
Forgery or Alteration	100,000	$500 deductible
Money & Securities	25,000	$500 deductible
General Liability		
Per Occurrence	1,000,000	$1,000 deductible
Aggregate Per Year	3,000,000	$1,000 deductible
Rent Damage	100,000	$1,000 deductible
Medical Expense	5,000	$1,000 deductible
Fleet Insurance		
Per Occurrence	1,000,000	$1,000 deductible
Aggregate Per Year	3,000,000	n/a
Medical Expense	5,000	n/a
Garagekeepers Comprehensive	60,000	$1,000 deductible
Garagekeepers Collision	60,000	$500 deductible

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

B. Workers' Compensation

For fiscal year 2010, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

C. Dental Insurance

The Center provided dental coverage through a self-insurance internal service fund through September 30, 2009. The Center contracted with ALR to provide third-party administration services to the self-insurance plan. On October 1, 2009, the Center changed dental insurance coverage from a self-insurance plan to a traditional commercial coverage plan. The Center operated the Dental Self-Insurance Internal Service Fund until all run-out claims costs had been paid. This resulted in no claims liability at June 30, 2010.

Changes in the fund's claims liability amount in 2009 and 2010 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2009	$12,640	$101,995	$100,918	$13,717
2010	13,717	29,019	42,736	0

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Administrators and teachers who work less than 260 days per year do not earn vacation time. Vacation balances are to be used within one year from the time they are earned. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 280 days for all employees. Upon retirement, employees receive payment for one-fourth of the sick leave accumulation.

B. Insurance

The Center provides health insurance benefits through Anthem Blue Cross Blue Shield. The costs of health insurance premiums are $1,910.80 for family coverage and $764.33 for single coverage. The employees are responsible to pay $286.62 for family coverage and $114.65 for single coverage. The board pays the remainder of the monthly premium.

The Center provides life insurance and accidental death and dismemberment insurance to employees through Anthem Blue Cross Blue Shield in the amount of $45,000 for all employees.

The Center provides dental insurance to employees through Coresource, Inc. The costs of dental insurance premiums are $67.00 for both family and single coverage with the employee share being $10.05.

Note 14 - Defined Benefit Pension Plans

A. 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 and disability benefits, annual cost of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll.

A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.74 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were $240,009, $149,533, and $160,973 respectively; 93.23 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were $973,248, $937,769, and $914,655 respectively; 87.62 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were $10,648 made by the Center and $7,606 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the Sate Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, there are eight employees who have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

Plan Description - The Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was $35,800.

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

The Center's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were $33,843, $112,269, and $108,604 respectively; 9.37 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were $14,006, $12,540, and $11,599 respectively; 93.10 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

Plan Description - The Center contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were $74,865, $72,136, and $70,539 respectively; 87.62 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 16 - Capital Leases

In fiscal year 2007, the Center entered into a capitalized lease for a copying machine in the amount of $29,831. In fiscal year 2008, the Center entered into capitalized leases for a mailing machine and a copier in the amounts of $17,924 and $20,739, respectively. During fiscal year 2010, the Center entered into a capitalized lease for two copying machines/printers in the amount of $43,150. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified from administration and business support services expenditures in the budgetary statements to principal debt service expenditures in the basic financial statements for the General Fund.

Actual principal payments in fiscal year 2010 totaled $19,537. The equipment was originally capitalized in the amount of $111,644, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2010 was $27,846, and the book value was $83,798.

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

	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total
2011	$23,016	$5,117	$28,133
2012	17,336	3,504	20,840
2013	15,177	1,835	17,012
2014	9,679	884	10,563
2015	4,304	99	4,403
Present Value of Net Minimum Lease Payments	$69,512	$11,439	$80,951

Note 17 - Long-Term Obligations

The changes in the Center's long-term obligations during the year consist of the following:

	Outstanding 06/30/09	Additions	Reductions	Outstanding 06/30/10	Due within One Year
Governmental Activities:					
Capital Leases Payable	$45,899	$43,150	($19,537)	$69,512	$23,016
Tax Anticipation Notes -					
$8,885,000, Various Interest Rate	0	8,855,000	0	8,855,000	1,655,000
Premium on Tax Anticipation Notes	0	233,319	(23,332)	209,987	0
Total Tax Anticipation Notes Liability	0	9,088,319	(23,332)	9,064,987	1,655,000
Certificates of Participation -					
$11,965,000, Various Interest Rate	0	11,965,000	0	11,965,000	165,000
Premium on Certificates of Participation	0	504,080	(25,204)	478,876	0
Total Certificates of Participation Liability	0	12,469,080	(25,204)	12,443,876	165,000
Compensated Absences	570,332	94,049	(53,375)	611,006	45,000
Total Governmental Activities Long-Term Liabilities	$616,231	$21,694,598	($121,448)	$22,189,381	$1,888,016

On October 22, 2009, the Center issued $8,855,000 in tax anticipation notes (TANs). The proceeds of the TANs will be used for the local share of constructing school facilities under the Vocational Facilities Assistance Program of the Ohio School Facilities Commission; furnishing and equipping the same; and improving the sites thereof. The TANs were issued in anticipation of the collection of the proceeds of the one and four-tenths mill ten year permanent improvement levy approved by electors of the Center at the election held May 5, 2009. The TANs issuance included a premium of $233,319 and issuance costs of $175,302, which will be amortized over the life of the TANs. Issuance costs were amortized at June 30, 2010 in the amount of $17,531.

Principal and interest requirements to maturity for the TANs are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	$1,655,000	$223,825	$1,878,825
2012	1,715,000	183,800	1,898,800
2013	1,760,000	120,325	1,880,325
2014	1,845,000	61,313	1,906,313
2015	1,880,000	21,150	1,901,150
Totals	$8,855,000	$610,413	$9,465,413

On December 15, 2009, the Center issued $11,965,000 in certificates of participation (COPs), for use in upgrading existing facilities. The COPs issuance included a premium of $504,080 and issuance costs of $291,894, which will be amortized over the life of the COPs. Issuance costs in the amount of $14,596 were amortized at June 30, 2010. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code.

In accordance with the lease terms, the project assets are leased to the Muskingum County Business Incubator, and then subleased back to the Center. The COPs were issued through a series of annual leases with an initial lease term of ten years which includes the right to renew for ten successive one-year terms through December 1, 2019, subject to annual appropriations. To satisfy the trustee requirements, the Center is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 1.65 percent to 5.0 percent. The Center has the option to purchase the Project Facilities on any Lease Payment Date by paying $100 plus the amount necessary to defease the Indenture.

Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	$165,000	$475,133	$640,133
2012	150,000	471,195	621,195
2013	155,000	468,041	623,041
2014	150,000	464,512	614,512
2015	160,000	459,862	619,862
2016-2020	11,185,000	1,300,731	12,485,731
Totals	$11,965,000	$3,639,474	$15,604,474

The Center will pay compensated absences from the General Fund and the Food Service, Adult Education, Vocational Education Federal Grant and Miscellaneous Federal Grants Special Revenue Funds.

The overall debt margin of the Center as of June 30, 2010, was $230,519,214, with an unvoted debt margin of $2,659,713.

Note 18 - Jointly Governed Organizations and Insurance Purchasing Pool

A. Jointly Governed Organizations

The ***Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)*** was created as a regional council of governments pursuant to State statutes. OME-RESA has participating districts from 12 counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. The Center’s payment for computer services to OME-RESA in fiscal year 2010 was $38,988. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The ***Coalition of Rural and Appalachian Schools (CORAS)*** is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education.

The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Center's membership fee was $300 for fiscal year 2010.

The ***Ohio Coalition for Equity and Adequacy of School Funding*** is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of not more than 78 representatives, who are Superintendents of Boards of Education that are Coalition members, plus an additional 12 representatives that need not be Board of Education Superintendents. A maximum of 78 steering committee representatives may be appointed by the Chairperson. The Center's membership fee was $508 for fiscal year 2010.

The Center participates in the ***Metropolitan Educational Council (MEC),*** a jointly governed organization. The organization is composed of 166 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. During fiscal year 2010, the Center made a payment of $403 to MEC for a membership fee. Financial information may be obtained from the Metropolitan Educational Council, Denise Canfield, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

B. Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The Center's enrollment fee was $3,129 for fiscal year 2010.

Note 19 - Contingencies

A. Grants

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2010.

B. Litigation

The Center is currently not a party to any legal proceedings.

Note 20 - 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.

Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the workers' compensation refunds.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2009	$0	$0	$45,566
Carry over from prior year	(1,569,203)	0	0
Current year set-aside requirement	176,006	176,006	0
Qualifying disbursements	(298,925)	(241,295)	0
Total	($1,692,122)	($65,289)	$45,566
Set-aside balance carried forward to future fiscal years	($1,692,122)	$0	$0
Set-aside reserve balance as of June 30, 2010	$0	$0	$45,566

The Center had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for textbooks and capital improvements. This extra amount may be used to reduce the set-aside requirement of future years for textbooks. The extra amount in the capital improvements set-aside may not be used to reduce the capital set-aside in future fiscal years.

Debt proceeds may be used to reduce the capital set-aside reserve. The amount used each fiscal year is limited to the amount of revenue collected to service the debt or the set-aside balance less any offsets and qualified expenditures. The fiscal year 2010 tax anticipation notes and certificates of participation proceeds less the accumulated amount of debt proceeds used as an offset is carried forward to future fiscal years until consumed. The amount of debt proceeds that may be used as an offset in future fiscal years is $19,336,721.

Note 21 - Contractual Commitments

During fiscal year 2010, the Center was approved for participation in the Vocational Facilities Assistance Program of the Ohio School Facilities Commission. The Center had entered into agreements with some vendors that generated amounts that are presented as contracts payable in the financial statements. However, these contracts were for work done on a per hour basis such as consulting and engineering. No material construction contracts were committed at the end of the fiscal year.

Note 22 - Subsequent Event

Effective July 1, 2010, the information technology portion of the OME-RESA consortium has been dissolved. On July 1, 2010, the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Council of Governments (OMERESA Council) was established pursuant to Ohio Revised Code Section 167.01. The Board of Education of Mid-East Career and Technology Centers has passed a resolution approving membership in the OMERESA Council and is currently receiving information technology services through the Council.

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

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

FEDERAL GRANTOR/ *Pass Through Grantor* Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2009/2010	10.555	$ 21,418	$ 21,418
Cash Assistance:				
School Breakfast Program	2009/2010	10.553	23,516	23,516
National School Lunch Program	2009/2010	10.555	159,420	159,420
Cash Assistance Subtotal			182,936	182,936
Total Child Nutrition Cluster			204,354	204,354
Child and Adult Care Food Program	2009/2010	10.558	12,886	12,886
Total U.S. Department of Agriculture			217,240	217,240
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Adult Education - Basic Grants to States	2009	84.002	17,312	25,687
	2010		288,067	296,180
Total Adult Education - Basic Grants to States			305,379	321,867
Career and Technical Education - Basic Grants to States	2009	84.048	32,247	76,690
	2010	84.048	562,555	572,066
Total Career and Technical Education - Basic Grants to States			594,802	648,756
Safe and Drug-Free Schools and Communities - State Grants	2009	84.186	(308)	
	2010		2,202	2,202
Total Safe and Drug-Free Schools and Communities - State Grants			1,894	2,202
Improving Teacher Quality State Grants	2010	84.367	6,812	6,312
Student Financial Assistance Cluster:				
Direct from United States Department of Education:				
Federal Pell Grant Program	2010	84.063	669,278	669,278
Passed Through Great Lakes Educational Loans:				
Federal Family Education Loans (FFEL)	2010	84.032	766,848	766,848
Total Student Financial Assistance Cluster			1,436,126	1,436,126
Total U.S. Department of Education			2,345,013	2,415,263
Total Federal Awards Receipts and Expenditures			**$ 2,562,253**	**$ 2,632,503**

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Mid-East Career and Technology Centers' (the Center) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The Center transferred the following amount from the 2009 to 2010 program:

Program Title	CFDA Number	Amount Transferred from 2009 to 2010
Safe and Drug-Free Schools and Communities	84.186	$308

Mary Taylor, CPA
Auditor of State

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

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2010, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

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

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www.auditor.state.oh.us

Compliance and Other Matters

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 6, 2010

Mary Taylor, CPA
Auditor of State

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

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

Compliance

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

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

In our opinion, the Center complied, in all material respects, with the requirements referred to above that directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 6, 2010

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster: Federal Pell Grant Program – CFDA #84.063 Federal Family Education Loans – CFDA #84.032 Adult Education – Basic Grants to States – CFDA #84.002
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA
Auditor of State

MID-EAST CAREER AND TECHNOLOGY CENTERS

MUSKINGUM 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
DECEMBER 28, 2010

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