



**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Career and Technology Education Centers
Licking County
150 Price Road
Newark, Ohio 43055

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 Career and Technology Education Centers, Licking County, Ohio, (the Center), as of and for the year ended June 30, 2011, 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 Career and Technology Education Centers, Licking County, Ohio, as of June 30, 2011, and the respective changes in financial position 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.

As discussed in Note 3 to the financial statements, during the year ended June 30, 2011, the Center adopted Government Accounting Standard No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which resulted in reclassifications to its governmental fund balances.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

October 28, 2011

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the Career and Technology Education Centers of Licking County's (C-TEC) financial performance provides an overall review of C-TEC's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at C-TEC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of C-TEC's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- Net assets of governmental activities increased \$2,592,705.
- Capital assets decreased \$682,099 primarily due to current year depreciation.
- General revenues accounted for \$12,652,056 or 70 percent of total revenues of \$18,027,766. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$5,375,710, or 30 percent of total revenues.
- C-TEC had \$15,435,061 in expenses related to governmental activities; only \$5,375,710 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$12,652,056 were adequate to provide for these activities.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of C-TEC as a whole, presenting both an aggregate view of C-TEC'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 C-TEC's most significant funds with all other non-major funds presented in total in one column.

Reporting C-TEC as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by C-TEC to provide programs and activities for students, the view of C-TEC as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

These two statements report C-TEC's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for C-TEC as a whole, the financial position of C-TEC has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include C-TEC'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, all of C-TEC's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting C-TEC's Most Significant Funds

Fund Financial Statements

The analysis of C-TEC's major funds begins on page 9. Fund financial reports provide detailed information about C-TEC's major funds. C-TEC uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on C-TEC's most significant funds. C-TEC's major governmental funds are the General Fund, Adult Education Special Revenue Fund, and Bond Retirement Debt Service Fund.

Governmental Funds Most of C-TEC's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal 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 C-TEC'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.

C-TEC as a Whole

Recall that the Statement of Net Assets provides the perspective of C-TEC as a whole. Table 1 provides a summary of C-TEC's net assets for 2011 compared to 2010.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

**Table 1
Net Assets**

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Assets			
Current and Other Assets	\$15,353,301	\$16,945,021	(\$1,591,720)
Capital Assets	37,385,362	38,067,461	(682,099)
Total Assets	<u>52,738,663</u>	<u>55,012,482</u>	<u>(2,273,819)</u>
Liabilities			
Long-Term Liabilities	28,191,006	33,178,098	(4,987,092)
Other Liabilities	9,117,766	8,997,198	120,568
Total Liabilities	<u>37,308,772</u>	<u>42,175,296</u>	<u>(4,866,524)</u>
Net Assets			
Invested in Capital Assets, Net of Debt	11,069,084	10,531,670	537,414
Restricted	1,545,414	1,644,210	(98,796)
Unrestricted	2,815,393	661,306	2,154,087
Total Net Assets	<u>\$15,429,891</u>	<u>\$12,837,186</u>	<u>\$2,592,705</u>

The decrease in current and other assets is mainly due to a decrease in cash and cash equivalents in the amount of \$1,747,261. The decrease in cash and cash equivalents is primarily due to C-TEC issuing the 2010 Various Purpose Bonds on June 7, 2010 in the amount of \$3,655,000 which were used to retire the 2009 School Facilities Bond Anticipation Notes which did not mature until September 2, 2010; therefore, as of fiscal year end 2010, the \$3,655,000 in bond proceeds remained unspent in the Bond Retirement Debt Service Fund. During fiscal year 2011, the 2009 notes matured and were retired using the bond proceeds in the Bond Retirement Fund. Accounts receivable reflect a decrease of \$96,969 due to Ohio Revised Code guidelines that indicate any student qualifying for free lunch are not required to pay student fees and due to the decrease in student enrollment in fiscal year 2011. The \$682,099 decrease in capital assets is primarily due to current year depreciation.

The increase in other liabilities in the amount of \$120,568 was due primarily to the increase in deferred revenue due to increased in taxes receivable. The \$4,987,092 decrease in long-term liabilities is primarily due to C-TEC issuing the 2010 Various Purpose Bonds in the amount of \$3,655,000 on June 7, 2010 to retire the 2009 School Facilities Bond Anticipation Notes which did not mature until September 2, 2010. During fiscal year 2011, C-TEC made total principal debt payments of \$4,755,343. Compensated absences decreased in fiscal year 2011 in the amount of \$187,270 due to the decrease in staff.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.

**Table 2
Changes in Net Assets**

	Governmental Activities		
	2011	2010	Change
Revenues			
Program Revenues			
Charges for Services	\$2,218,007	\$2,776,851	(\$558,844)
Operating Grants, Contributions and Interest	3,109,588	3,052,789	56,799
Capital Grants and Contributions	48,115	44,255	3,860
	<u>5,375,710</u>	<u>5,873,895</u>	<u>(498,185)</u>
General Revenue			
Property Taxes	8,293,283	8,680,222	(386,939)
Grants and Entitlements	4,267,528	4,224,918	42,610
Unrestricted Contributions to Specific Programs	1,500	0	1,500
Investment Earnings	9,377	18,197	(8,820)
Miscellaneous Revenue	80,368	141,695	(61,327)
	<u>12,652,056</u>	<u>13,065,032</u>	<u>(412,976)</u>
Total Revenues	<u>18,027,766</u>	<u>18,938,927</u>	<u>(911,161)</u>
Program Expenses			
Instruction			
Regular	334,965	331,455	3,510
Special	528,186	512,328	15,858
Vocational	5,039,087	7,236,130	(2,197,043)
Adult/Continuing	2,179,701	2,373,037	(193,336)
Support Services			
Pupils	669,727	758,338	(88,611)
Instructional Staff	1,006,906	1,188,594	(181,688)
Board of Education	24,294	31,963	(7,669)
Administration	1,037,507	1,064,330	(26,823)
Fiscal	405,296	330,085	75,211
Business	458,794	576,331	(117,537)
Operation and Maintenance of Plant	1,346,211	1,599,254	(253,043)
Pupil Transportation	15,739	23,862	(8,123)
Central	1,038,809	1,649,000	(610,191)
Operation of Non-Instructional Services			
Food Service Operations	255,247	281,853	(26,606)
Other	453	1,169	(716)
Extracurricular Activities	62,738	76,567	(13,829)
Interest and Fiscal Charges	1,031,401	725,712	305,689
Total Expenses	<u>15,435,061</u>	<u>18,760,008</u>	<u>(3,324,947)</u>
<i>Change in Net Assets</i>	2,592,705	178,919	2,413,786
Net Assets Beginning of Year	12,837,186	12,658,267	178,919
Net Assets End of Year	<u>\$15,429,891</u>	<u>\$12,837,186</u>	<u>\$2,592,705</u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

C-TEC's net assets increased \$2,592,705. Revenues and expenses decreased in fiscal year 2011 when compared to fiscal year 2010. The decrease in revenues was largely attributed to the decrease in charges for services for student fees in the amount of \$558,844. The decrease was mainly due to a decrease in the enrollment of adult education programs from 1,015 in fiscal year 2010 to 844 in fiscal year 2011. Property taxes revenue decreased by \$386,939 due to the phase out of tangible personal property taxes and a decrease in the amount available as an advance from fiscal year 2010 to fiscal year 2011 in the amount of \$121,339. Expenses decreased in fiscal year 2011 due to the C-TEC Board implementing cost saving measures including the reduction of 37 positions. There were no increases in base salaries for fiscal year 2010 and fiscal year 2011. In fiscal year 2010, there were no step increases; however, in fiscal year 2011 eligible teachers received two steps per a Memorandum of Understanding approved on April 16, 2009. In fiscal year 2010, the non-teaching staff was required to take ten unpaid furlough days then in fiscal year 2011 the number of required unpaid furlough days decreased to five.

Instructional programs comprise approximately 52 percent of total governmental program expenses. Of the instructional expenses, approximately 4 percent is for regular instruction, 7 percent for special instruction, 62 percent for vocational instruction, and 27 percent for adult/continuing instruction.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3
Governmental Activities**

	2011 Total Cost of Services	2011 Net Cost of Services	2010 Total Cost of Services	2010 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$334,965	\$223,051	\$331,455	\$239,432
Special	528,186	528,186	512,328	512,328
Vocational	5,039,087	3,163,142	7,236,130	5,314,494
Adult/Continuing	2,179,701	(77,958)	2,373,037	(179,201)
Support Services:				
Pupils	669,727	417,579	758,338	422,613
Instructional Staff	1,006,906	737,209	1,188,594	885,073
Board of Education	24,294	24,294	31,963	31,963
Administration	1,037,507	1,036,296	1,064,330	1,057,742
Fiscal	405,296	405,296	330,085	330,085
Business	458,794	222,921	576,331	348,258
Operation and Maintenance of Plant	1,346,211	1,334,492	1,599,254	1,592,175
Pupil Transportation	15,739	15,739	23,862	23,862
Central	1,038,809	921,628	1,649,000	1,505,906
Operation of Non-Instructional Services				
Food Service Operations	255,247	27,803	281,853	13,584
Other	453	(46)	1,169	(126)
Extracurricular Activities	62,738	48,318	76,567	62,213
Interest and Fiscal Charges	1,031,401	1,031,401	725,712	725,712
Totals	\$15,435,061	\$10,059,351	\$18,760,008	\$12,886,113

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2011, only 35 percent of the governmental activities performed by C-TEC are supported through program revenues such as charges for services, grants, and contributions. The remaining 65 percent is provided through taxes and entitlements.

C-TEC Funds

C-TEC's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,058,651, expenditures of \$19,820,280, and other financing sources and uses of \$9,775.

General Fund

The fund balance of the General Fund at June 30, 2011 is \$3,141,041, an increase of \$1,949,855 from fiscal year 2010. The majority of the increase is primarily the result of C-TEC's Board of Education implementing cost saving measures during fiscal year 2010 and due to C-TEC not spending all of the allotted career-technical education weighted funds in fiscal year 2011. The Board of Education was aware of the financial stress that C-TEC was under so several cost saving measures were implemented including a reduction in force which was approved on March 25, 2010. The savings from the reduction in force began in fiscal year 2011 which resulted in the approximate \$2.0 million increase in the General Fund's fund balance.

Other Governmental Major Funds

Adult Education Fund

The fund balance of the Adult Education Special Revenue Fund at June 30, 2011 is \$855,882, an increase of \$322,705 from the prior year primarily due to an increase in adult education enrollment.

Bond Retirement Fund

The fund balance of the Bond Retirement Debt Service Fund at June 30, 2011 is \$1,214,013, a decrease of \$3,954,135 from the prior year primarily due to C-TEC issuing 2010 Various Purpose Bonds on June 7, 2010 in the amount of \$3,655,000 which remained unspent as of fiscal year end 2010. These bonds were issued to retire the 2009 School Facilities Bond Anticipation Notes which matured on September 2, 2010; therefore, cash balances decreased during fiscal year 2011 due to the retirement of the 2009 School Facilities Bond Anticipation Notes.

General Fund Budgeting Highlights

C-TEC'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 2011, C-TEC amended its original appropriations with a minor increase of \$2,597. Final Appropriations exceeded actual expenditures by \$882,217.

C-TEC received \$2,935 less in revenues than what was expected during fiscal year 2011. Budget basis revenue was \$12,845,465 compared to final estimates of \$12,848,400.

The C-TEC's ending general fund budgetary balance was \$2,667,701.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, C-TEC had \$37,385,362 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

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

	Government Activities	
	2011	2010
Land	\$107,951	\$107,951
Buildings and Improvements	34,919,367	35,810,281
Furniture and Equipment	2,249,321	2,027,134
Vehicles	108,723	122,095
Totals	\$37,385,362	\$38,067,461

See Note 9 for additional information regarding capital assets.

Debt

At June 30, 2011, C-TEC had \$27,483,305 in debt outstanding (including premiums and accounting gain), with \$1,175,510 being due within one year.

**Table 5
Outstanding Debt at June 30**

	Government Activities	
	2011	2010
Construction and Equipment Long-Term Loan	\$266,667	\$300,001
School Facilities Bond Anticipation Notes	0	3,400,000
School Facilities Improvement General Obligation Bonds	4,825,039	5,623,792
School Facilities Improvement Refunding Bonds	17,991,233	18,554,613
Various Purpose Bonds	4,391,925	4,394,271
Capital Leases	8,441	10,450
Totals	\$27,483,305	\$32,283,127

See Note 14 for more detailed information of C-TEC's debt.

Economic Factors

The reductions that were put into place at the end of fiscal year 2010 and the beginning of fiscal year 2011 have reversed the trend of deficit spending that had taken place in the General Fund since fiscal year 2003. This deficit spending had deteriorated the General Fund cash balance that in August of 2002 was over \$6.7 million to as low as \$66,805 at the end of January 2010.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Although the General Fund cash balance increased by almost \$2 million in fiscal year 2011 and is anticipated to grow again in fiscal years 2012 and 2013 based on the State's budget, this is subject to change depending on when a new State funding formula is implemented. Based on the new State budget, C-TEC is projected to receive the same level of State funding in fiscal year 2012 and fiscal year 2013 that it received in fiscal year 2011. This funding is based on the amount of State funding that was received in fiscal year 2009. Since 2009, our number of full-time equivalent students has decreased by about 13 percent. In addition, the total amount of State funding for schools for fiscal year 2012 has been reduced significantly from what it was in fiscal year 2011. It is safe to assume that with these two factors, C-TEC will see a reduction in the amount of State funding it receives when the new State funding formula is implemented. The question is how much it will be reduced and will the new State funding formula be implemented July 1, 2013 as is stated in the State budget or will it be implemented July 1, 2012 as has been discussed by the Governor's Office?

C-TEC's fund balance has increased significantly in a short period of time due to reductions made, but also in part due to State funding that is based on a much higher enrollment than what we currently have. Because of this, it is important for C-TEC to continue to spend tax dollars it receives as efficiently as possible so that it can absorb any change in State funding it receives as well as be able to pay off the remaining \$6.4 million in outstanding general obligation debt (principal and interest) from the 2010 Various Purpose Bonds which is being retired through tax revenue allocations from the General Fund to the Bond Retirement Debt Service Fund.

Contacting C-TEC's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of C-TEC's finances and to show C-TEC's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Benjamin R. Streby, Treasurer/CFO at Career and Technology Education Centers of Licking County, 150 Price Road, Newark, Ohio 43055. You may also e-mail the treasurer at bstreby@c-tec.edu.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$5,110,616
Cash and Cash Equivalents in Segregated Accounts	5,252
Accounts Receivable	577,911
External Party Receivable	6,660
Intergovernmental Receivable	136,416
Prepaid Items	60,877
Inventory Held for Resale	4,186
Materials and Supplies Inventory	669
Property Taxes Receivable	9,105,981
Deferred Charges	344,733
Nondepreciable Capital Assets	107,951
Depreciable Capital Assets, Net	37,277,411
<i>Total Assets</i>	<i>52,738,663</i>
Liabilities	
Matured Compensated Absences	75,948
Accounts Payable	218,394
Accrued Wages and Benefits	738,652
Accrued Interest Payable	81,627
Intergovernmental Payable	246,721
Vacation Benefit Payable	142,682
Deferred Revenue	7,613,742
Long-Term Liabilities:	
Due Within One Year	1,250,474
Due In More Than One Year	26,940,532
<i>Total Liabilities</i>	<i>37,308,772</i>
Net Assets	
Invested in Capital Assets, Net of Related Debt	11,069,084
Restricted for:	
Capital Projects	2,277
Debt Service	430,308
Adult Education	1,042,545
Other Purposes	70,284
Unrestricted	2,815,393
<i>Total Net Assets</i>	<i>\$15,429,891</i>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$334,965	\$0	\$111,914	\$0	(\$223,051)
Special	528,186	0	0	0	(528,186)
Vocational	5,039,087	231,694	1,596,136	48,115	(3,163,142)
Adult/Continuing	2,179,701	1,633,738	623,921	0	77,958
Support Services:					
Pupils	669,727	0	252,148	0	(417,579)
Instructional Staff	1,006,906	234,451	35,246	0	(737,209)
Board of Education	24,294	0	0	0	(24,294)
Administration	1,037,507	582	629	0	(1,036,296)
Fiscal	405,296	0	0	0	(405,296)
Business	458,794	0	235,873	0	(222,921)
Operation and Maintenance of Plant	1,346,211	0	11,719	0	(1,334,492)
Pupil Transportation	15,739	0	0	0	(15,739)
Central	1,038,809	0	117,181	0	(921,628)
Operation of Non-Instructional Services:					
Food Service Operations	255,247	102,721	124,723	0	(27,803)
Other Non-Instructional Services	453	401	98	0	46
Extracurricular Activities	62,738	14,420	0	0	(48,318)
Interest and Fiscal Charges	1,031,401	0	0	0	(1,031,401)
Totals	\$15,435,061	\$2,218,007	\$3,109,588	\$48,115	(10,059,351)

General Revenues

Property Taxes Levied for:

General Purposes	6,597,079
Debt Service	1,696,204
Grants and Entitlements not Restricted	4,267,528
Unrestricted Contributions to Specific Programs	1,500
Investment Earnings	9,377
Miscellaneous	80,368

Total General Revenues 12,652,056

Change in Net Assets 2,592,705

Net Assets Beginning of Year 12,837,186

Net Assets End of Year \$15,429,891

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$3,228,956	\$800,920	\$1,026,502	\$54,238	\$5,110,616
Cash and Cash Equivalents in Segregated Accounts	2,212	3,040	0	0	5,252
Accounts Receivable	21,272	556,639	0	0	577,911
Interfund Receivable	204,234	0	0	0	204,234
Intergovernmental Receivable	12,039	33,434	0	90,943	136,416
External Party Receivable	6,660	0	0	0	6,660
Prepaid Items	49,288	7,582	0	4,007	60,877
Inventory Held for Resale	0	0	0	4,186	4,186
Materials and Supplies Inventory	0	0	0	669	669
Property Taxes Receivable	7,226,938	0	1,879,043	0	9,105,981
Total Assets	\$10,751,599	\$1,401,615	\$2,905,545	\$154,043	\$15,212,802
Liabilities					
Accounts Payable	\$204,408	\$8,744	\$0	\$5,242	\$218,394
Accrued Wages and Benefits	641,638	54,484	0	42,530	738,652
Matured Compensated Absences	74,941	0	0	1,007	75,948
Interfund Payable	0	170,000	0	34,234	204,234
Intergovernmental Payable	167,971	42,896	0	35,854	246,721
Deferred Revenue	6,521,600	269,609	1,691,532	51,900	8,534,641
Total Liabilities	7,610,558	545,733	1,691,532	170,767	10,018,590
Fund Balances					
Nonspendable	53,176	7,582	0	8,862	69,620
Restricted	0	848,300	1,214,013	26,241	2,088,554
Committed	144,489	0	0	1,686	146,175
Assigned	467,986	0	0	2,277	470,263
Unassigned	2,475,390	0	0	(55,790)	2,419,600
Total Fund Balances	3,141,041	855,882	1,214,013	(16,724)	5,194,212
Total Liabilities and Fund Balances	\$10,751,599	\$1,401,615	\$2,905,545	\$154,043	\$15,212,802

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

Total Governmental Fund Balances	\$5,194,212
 <i>Amounts reported for governmental activities in the statement of net assets are different because of the following:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	37,385,362
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:	
Property Taxes Receivable	582,593
Tuition and Fees	252,972
Intergovernmental Receivable	85,334
	920,899
Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements.	344,733
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(142,682)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Long-Term Loans Payable	(266,667)
General Obligation Bonds	(9,065,000)
General Obligation Bonds Premium	(151,964)
Current Interest Serial Refunding Bonds Payable	(17,115,000)
Capital Interest Serial Refunding Bonds Payable	(309,991)
Refunding Bonds Capital Appreciation Accretion	(161,337)
Premium on Capital Appreciation Refunding Bonds	(1,379,784)
Premium on Current Interest Serial Refunding Bonds	(670,351)
Accounting Gain on Refunding	1,645,230
Accrued Interest Payable	(81,627)
Capital Leases Payable	(8,441)
Compensated Absences	(707,701)
	(28,272,633)
 Net Assets of Governmental Activities	 \$15,429,891

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General	Adult Education	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$6,557,761	\$0	\$1,681,752	\$0	\$8,239,513
Intergovernmental	5,835,113	364,523	228,466	854,068	7,282,170
Interest	9,377	0	2,407	0	11,784
Tuition and Fees	161,043	2,010,277	0	0	2,171,320
Extracurricular Activities	9,291	0	0	14,420	23,711
Charges for Services	88,824	0	0	102,721	191,545
Contributions and Donations	1,500	0	0	56,740	58,240
Miscellaneous	80,368	0	0	0	80,368
Total Revenues	12,743,277	2,374,800	1,912,625	1,027,949	18,058,651
Expenditures					
Current:					
Instruction:					
Regular	104,485	0	0	118,252	222,737
Special	527,472	0	0	0	527,472
Vocational	4,902,142	0	0	82,328	4,984,470
Adult/Continuing	7,846	1,838,823	0	217,605	2,064,274
Support Services:					
Pupils	405,498	0	0	272,430	677,928
Instructional Staff	615,183	212,912	0	36,282	864,377
Board of Education	19,653	0	0	0	19,653
Administration	1,009,267	0	0	595	1,009,862
Fiscal	392,446	0	0	0	392,446
Business	298,412	0	29,812	5,000	333,224
Operation and Maintenance of Plant	1,323,888	0	0	13,549	1,337,437
Pupil Transportation	8,534	0	0	0	8,534
Central	1,064,710	0	0	122,045	1,186,755
Operation of Non-Instructional Services:					
Food Service Operations	25,516	0	0	229,350	254,866
Other Non-Instructional Services	0	360	0	93	453
Extracurricular Activities	50,196	0	0	12,542	62,738
Debt Service:					
Principal Retirement	35,343	0	4,720,000	0	4,755,343
Interest and Fiscal Charges	763	0	1,116,948	0	1,117,711
Total Expenditures	10,791,354	2,052,095	5,866,760	1,110,071	19,820,280
Excess of Revenues Over (Under) Expenditures:	1,951,923	322,705	(3,954,135)	(82,122)	(1,761,629)
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	9,775	0	0	0	9,775
Transfers In	0	0	0	11,843	11,843
Transfers Out	(11,843)	0	0	0	(11,843)
Total Other Financing Sources (Uses)	(2,068)	0	0	11,843	9,775
Net Change in Fund Balances	1,949,855	322,705	(3,954,135)	(70,279)	(1,751,854)
Fund Balances Beginning of Year, restated note 3	1,191,186	533,177	5,168,148	53,555	6,946,066
Fund Balances End of Year	\$3,141,041	\$855,882	\$1,214,013	(\$16,724)	\$5,194,212

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds (\$1,751,854)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current year:

Capital Assets Additions	436,874	
Current Year Depreciation	<u>(1,096,851)</u>	(659,977)

In the statement of activities, only the gain on the capital asset disposals is reported, whereas in the governmental funds, the proceeds of sale of capital assets increased financial resources. Thus the change in net assets differs from the change in fund balance by the net book value of the capital assets disposals.

Loss on disposal of capital assets	(12,347)	
Proceeds from Sale of Capital Assets	<u>(9,775)</u>	(22,122)

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

Property Taxes	53,770	
Intergovernmental	83,914	
Tuition and Fees	<u>(168,569)</u>	(30,885)

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

Vacation Benefits Payable	28,620	
Compensated Absences	<u>187,270</u>	215,890

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums, discounts, and and issuance costs are reported on the statement of activities:

Premium Amortization	342,919	
Issuance Costs Amortization	(24,600)	
Accretion of the Capital Appreciation Bonds	(161,337)	
Accrued Interest Payable	<u>66,431</u>	223,413

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	790,000	
Refunding Bonds	530,000	
Long-Term Notes	3,400,000	
Long-Term Loans	33,334	
Capital Leases	<u>2,009</u>	4,755,343

The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.

(137,103)

Change in Net Assets of Governmental Activities

\$2,592,705

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$6,686,113	\$6,686,113	\$6,659,382	(\$26,731)
Intergovernmental	5,842,287	5,842,287	5,835,916	(6,371)
Interest	5,000	5,000	9,502	4,502
Tuition and Fees	211,000	211,000	164,720	(46,280)
Extracurricular Activities	2,000	2,000	10,160	8,160
Charges for Services	88,800	92,000	89,005	(2,995)
Miscellaneous	10,000	10,000	76,780	66,780
<i>Total Revenues</i>	<u>12,845,200</u>	<u>12,848,400</u>	<u>12,845,465</u>	<u>(2,935)</u>
Expenditures				
Current:				
Instruction:				
Regular	102,995	76,991	76,991	0
Special	535,234	530,390	522,174	8,216
Vocational	5,740,210	5,739,954	5,314,395	425,559
Adult/Continuing	5,310	9,410	8,402	1,008
Support Services:				
Pupils	469,003	468,990	386,438	82,552
Instructional Staff	610,851	621,290	605,106	16,184
Board of Education	26,548	26,548	19,758	6,790
Administration	994,120	1,001,150	986,820	14,330
Fiscal	399,374	410,313	405,402	4,911
Business	411,374	396,374	348,713	47,661
Operation and Maintenance of Plant	1,513,753	1,529,950	1,441,540	88,410
Pupil Transportation	16,981	16,986	8,809	8,177
Central	1,403,376	1,403,380	1,230,897	172,483
Non-Instructional Services	16,520	16,520	26,234	(9,714)
Extracurricular Activities	66,080	66,080	50,430	15,650
Debt Service:				
Principal Retirement	33,334	33,334	33,334	0
<i>Total Expenditures</i>	<u>12,345,063</u>	<u>12,347,660</u>	<u>11,465,443</u>	<u>882,217</u>
<i>Excess of Revenues Over Expenditures</i>	<u>500,137</u>	<u>500,740</u>	<u>1,380,022</u>	<u>879,282</u>
Other Financing Sources (Uses)				
Transfers Out	(51,093)	(51,093)	(17,783)	33,310
Advances In	12,311	12,311	11,536	(775)
Advances Out	(88,406)	(88,406)	(8,440)	79,966
<i>Total Other Financing Sources (Uses)</i>	<u>(127,188)</u>	<u>(127,188)</u>	<u>(14,687)</u>	<u>112,501</u>
<i>Net Change in Fund Balance</i>	372,949	373,552	1,365,335	991,783
<i>Fund Balance Beginning of Year</i>	1,197,813	1,197,813	1,197,813	0
Prior Year Encumbrances Appropriated	104,553	104,553	104,553	0
<i>Fund Balance End of Year</i>	<u>\$1,675,315</u>	<u>\$1,675,918</u>	<u>\$2,667,701</u>	<u>\$991,783</u>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$303,000	\$364,501	\$364,523	\$22
Tuition and Fees	1,672,550	1,815,200	1,939,885	124,685
<i>Total Revenues</i>	<u>1,975,550</u>	<u>2,179,701</u>	<u>2,304,408</u>	<u>124,707</u>
Expenditures				
Current:				
Instruction:				
Adult/Continuing	1,721,444	2,057,127	1,919,608	137,519
Support Services:				
Instructional Staff	192,615	224,309	210,806	13,503
Non-Instructional Services	680	680	360	320
<i>Total Expenditures</i>	<u>1,914,739</u>	<u>2,282,116</u>	<u>2,130,774</u>	<u>151,342</u>
<i>Net Change in Fund Balance</i>	60,811	(102,415)	173,634	276,049
<i>Fund Balance Beginning of Year</i>	540,484	540,484	540,484	0
Prior Year Encumbrances Appropriated	53,227	53,227	53,227	0
<i>Fund Balance End of Year</i>	<u>\$654,522</u>	<u>\$491,296</u>	<u>\$767,345</u>	<u>\$276,049</u>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and Cash Equivalents	\$49,214	\$1,976,428
<i>Total Assets</i>	<u>49,214</u>	<u>\$1,976,428</u>
Liabilities		
Due to Students	0	\$56,659
External Party Payable	0	6,660
Undistributed Monies	0	1,913,109
<i>Total Liabilities</i>	<u>0</u>	<u>\$1,976,428</u>
Net Assets		
Held in Trust for Scholarships	<u>49,214</u>	
<i>Total Net Assets</i>	<u>\$49,214</u>	

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Scholarship</u>
Additions	
Interest	\$86
Contributions and Donations	<u>2,896</u>
<i>Total Additions</i>	2,982
Deductions	
Payments in Accordance with Trust Agreements	<u>2,083</u>
<i>Change in Net Assets</i>	899
<i>Net Assets Beginning of Year</i>	<u>48,315</u>
<i>Net Assets End of Year</i>	<u><u>\$49,214</u></u>

See accompanying notes to the basic financial statements

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY AND REPORTING ENTITY

Career and Technology Education Centers of Licking County (C-TEC) 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. C-TEC has ten participating districts spread throughout Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties, which include two city school districts, seven local school districts and one exempted village school district.

C-TEC operates under a seven-member Board of Education and is responsible for the provision of public education to residents of C-TEC. The Board of Education of C-TEC is not directly elected. The Board is made up from members of the elected boards of the participating school districts and the Licking County Educational Service Center. C-TEC is staffed by 8 administrators, 39 non-certificated employees, and 226 certificated full and part-time teaching personnel who provide services to 1,038 students and other community members. C-TEC currently operates 4 buildings.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of C-TEC consists of all funds, departments, boards, and agencies that are not legally separate from C-TEC. For C-TEC, this includes general operations, student guidance, education media care, upkeep of grounds and buildings, food service, student related activities and adult education of C-TEC.

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

C-TEC is associated with four jointly governed organizations and an insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, the Educational Regional Service System Region 11, the School Study Council of Ohio, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, which are presented in Notes 18 and 19 to the basic financial statements.

C-TEC serves as the fiscal agent for the Licking Area Computer Association, but the organization is not considered a part of C-TEC. Accordingly, the activity of the organization is presented as an agency fund within C-TEC's basic financial statement.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements The statement of net assets and the statement of activities display information about C-TEC as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of C-TEC that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). C-TEC has no business-type activities.

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

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

B. Fund Accounting

C-TEC 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 two categories of funds: governmental and fiduciary.

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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

Adult Education Fund This fund is used to account for transactions made in connection with adult education classes.

Bond Retirement Fund This fund is used to account for financial resources accumulated for the payment of general long-term debt principal, interest and related costs.

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

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 C-TEC under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support C-TEC's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. C-TEC's fiduciary funds are agency funds and a private purpose trust fund. C-TEC's agency funds are used to account for assets held for PELL grants, the Licking Area Computer Association for which C-TEC serves as fiscal agent, and student managed activities. C-TEC's private purpose trust fund is established to account for assets that are to be used to provide scholarships to graduating students.

C. Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of C-TEC 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 balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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. 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenues - Exchange and Nonexchange 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 C-TEC, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which C-TEC receives value without directly giving equal value in return, include property 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 C-TEC must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to C-TEC 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 the fiscal year-end: property taxes available for advance, tuition and fees, grants and interest.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also 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 the governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by C-TEC is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through C-TEC's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the financial statements.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

During the fiscal year 2011, C-TEC's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio) and nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are reported at cost. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investments could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$9,377 which includes \$5,566 assigned from other funds of C-TEC.

"Cash and Cash Equivalents in Segregated Accounts" represents monies held in segregated bank accounts for the adult education department and for the payroll fund.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by C-TEC are presented on the financial statements as Equity in Pooled Cash and Cash Equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011 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 expenditure/expense 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 of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. C-TEC's capitalization threshold is five thousand dollars. C-TEC does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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 for governmental:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-30 years
Buildings and Improvements	20-40 years
Furniture and Fixtures	5-20 years
Vehicles	8 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 in the governmental activities column of the statement of net assets.

J. Compensated Absences

C-TEC reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that C-TEC will compensate the employees for the benefits through paid time off or some other means. C-TEC records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees C-TEC has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in C-TEC's termination policy. C-TEC records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least ten years of service with C-TEC.

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

On the governmental funds 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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 governments, or imposed by law through constitutional provisions or enabling legislation. See Note 17 for additional information regarding set asides.

L. Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities and long-term liabilities 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 judgements, 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 in the current year. Bonds, long-term loans and notes, and capital leases are recognized as a liability on the fund financial statements when due.

M. Internal Activity

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

Internal allocations of overhead expenses from one program to another or within the same program 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 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. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance (Continued)

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by C-TEC for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the C-TEC Board of Education.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

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

O. Net Assets

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

Net assets restricted for other purposes include resources restricted for extracurricular programs and state and federal grants restricted to expenditures for specified purposes.

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

P. 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

R. Budgetary Process

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 is required under the Ohio Revised Code; however this requirement is waived by the Licking County Budget Commission (Budget Commission). The Budget Commission accepts C-TEC's five year forecast in place of the tax budget. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by C-TEC's 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 fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

S. Unamortized Issuance Costs/ Bond Premium and Discount

In the government-wide financial statements bond issuance costs, bond premiums, and bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding 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. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the period in which the debt is issued. 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Change in Accounting Principle

For fiscal year 2011, C-TEC has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of C-TEC's financial statements.

B. Restatement of Prior Year's Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General	Other Governmental Funds
Fund Balance at		
June 30, 2010	\$1,014,484	\$230,257
Change in Fund Structure	176,702	(176,702)
Adjusted Fund Balance at		
June 30, 2010	\$1,191,186	\$53,555

NOTE 4 – ACCOUNTABILITY

The following funds had deficit fund balances as of June 30, 2011:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Food Service	(\$18,603)
Other Grants	(18,782)
Adult Basic Education	(7,450)
Vocational Education	(2,093)

The deficits in the special revenue funds were a result of the application of 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. C-TEC is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While C-TEC is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the general fund and the adult education special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) 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. Cash in segregated accounts and prepaid items are reported on the balance sheet (GAAP basis) but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget) rather than committed or assigned fund balance (GAAP).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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 Fund.

Net Change in Fund Balances

	General	Adult Education
GAAP Basis	\$1,949,855	\$322,705
Net Adjustment for Revenue Accruals	101,033	(68,905)
Net Adjustment for Expenditure Accruals	(96,871)	(46,324)
Beginning of Fiscal Year:		
Segregated Accounts	3,367	1,553
Prepaid Items	45,442	8,802
End of Fiscal Year:		
Segregated Accounts	(2,212)	(3,040)
Prepaid Items	(49,288)	(7,582)
Advances In	11,536	0
Advances Out	(8,440)	0
Transfers Out	(5,940)	0
Adjustment for Encumbrances	(583,147)	(33,575)
Budget Basis	\$1,365,335	\$173,634

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the C-TEC are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon C-TEC's treasury. Active monies must be maintained either as cash C-TEC's 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 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 C-TEC can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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 described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, C-TEC will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, C-TEC's bank balance was \$6,390,191. Of the bank balance, \$390,374 was covered by Federal depository insurance and \$5,999,817 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 C-TEC to a successful claim by the FDIC.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

C-TEC 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 C-TEC 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, 2011, C-TEC had the following investments.

	<u>Fair Value</u>	<u>Average Maturity</u>
STAROhio	\$968,522	58 days

Interest Rate Risk

C-TEC'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. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of C-TEC, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. C-TEC 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 C-TEC or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while C-TEC's fiscal year runs from July through June. First half tax collections are received by C-TEC 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 C-TEC. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 7 - PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property 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 down from 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.

C-TEC receives property taxes from Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties. The County Auditor from each county periodically advances to C-TEC its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011 are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011, 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 and the late personal property tax settlement were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$907,754, \$720,439 was available to the General Fund and \$187,315 was available to the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2010, was \$1,029,093, \$823,274 was available to the General Fund and \$205,819 was available to the Bond Retirement Debt Service Fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$3,685,348,800	96.52%	\$3,705,361,880	96.58%
Public Utility Personal	125,385,370	3.28%	131,088,810	3.42%
General Business Personal	7,628,090	0.20%	7,540	0.00%
	<u>\$3,818,362,260</u>	<u>100.00%</u>	<u>\$3,836,458,230</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 \$2.50		 \$2.52	

**CAREER AND TECHNOLOGY EDUCATION CENTERS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of property taxes, accounts (billings for user charged services, tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$582,593 as of June 30, 2011.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Licking Area Computer Association	\$12,000
Summer Youth Grant	1,222
Adult Education Grant	33,434
Pre-SOAR Program Grant	7,219
ABLE Instructional Grant	37,356
EL/ Civics Grant	5,573
Post Secondary Vocational Education Grant	37,684
Vocational Education Enhancement Grant	1,889
Miscellaneous	<u>39</u>
Total	<u><u>\$136,416</u></u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Nondepreciable Capital Assets				
Land	\$107,951	\$0	\$0	\$107,951
Depreciable Capital Assets				
Buildings and Improvements	39,333,169	0	0	39,333,169
Furniture and Equipment	3,377,529	436,874	(113,337)	3,701,066
Vehicles	596,776	0	0	596,776
Total at Historical Cost	<u>43,307,474</u>	<u>436,874</u>	<u>(113,337)</u>	<u>43,631,011</u>
Less Accumulated Depreciation				
Buildings and Improvements	(3,522,888)	(890,914)	0	(4,413,802)
Furniture and Equipment	(1,350,395)	(192,565)	91,215	(1,451,745)
Vehicles	(474,681)	(13,372)	0	(488,053)
Total Accumulated Depreciation	<u>(5,347,964)</u>	<u>(1,096,851)</u>	<u>91,215</u>	<u>(6,353,600)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>37,959,510</u>	<u>(659,977)</u>	<u>(22,122)</u>	<u>37,277,411</u>
Governmental Activities Capital Assets, Net	<u>\$38,067,461</u>	<u>(\$659,977)</u>	<u>(\$22,122)</u>	<u>\$37,385,362</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$141,716
Vocational	444,106
Adult/ Continuing Education	128,491
Support Services:	
Pupil	573
Instructional Staff	208,993
Board of Education	4,641
Administration	2,493
Fiscal	8,923
Business	125,570
Operation and Maintenance of Plant	16,004
Pupil Transportation	7,205
Central	8,136
Total Depreciation Expense	<u>\$ 1,096,851</u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 10 - RISK MANAGEMENT

C-TEC 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 2011, C-TEC contracted with Netherlands Insurance for property, fleet, and liability insurance. Coverages provided are as follows:

Building - Replacement Cost (\$1,000 deductible)	\$54,588,360
Blanket Employee Dishonesty (\$1,000 deductible)	200,000
Employee Benefits Aggregate Limit (\$1,000 deductible each claim)	
Per Occurrence	1,000,000
Aggregate Per Year	3,000,000
Automobile Liability	
Bodily Injury and Property Damage (deductible \$500 collision and \$250 comprehensive)	1,000,000
Uninsured Motor Vehicle Bodily Injury –Aggregate Per Year	1,000,000
Underinsured Motor Vehicle Bodily Injury - Aggregate Per Year	1,000,000
General Liability – Per Occurrence	1,000,000
General Liability - Aggregate Per Year	2,000,000
Forgery (\$1,000 deductible)	50,000
Commercial Umbrella per Occurrence	3,000,000
Commercial Umbrella Aggregate	3,000,000

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

For fiscal year 2011, C-TEC participated in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for C-TEC by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. Managed Care Organization provides administrative, cost control, and actuarial services to the GRP.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – C-TEC contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current C-TEC rate is 14 percent of annual covered payroll. A portion of the C-TEC's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$288,752, \$202,292, and \$379,480, respectively. For fiscal year 2011, 97 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The C-TEC 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. C-TEC was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, 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.

C-TEC's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009, were \$770,601, \$965,323, and \$980,917, respectively. For fiscal year 2011, 86 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$32,056 made by C-TEC and \$22,897 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 State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, there were three members of the Board of Education that elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – C-TEC 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 2011, 1.43 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 2011, 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.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

C-TEC's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$76,963, \$29,360, and \$75,455, respectively. For fiscal year 2011, 45 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The C-TEC's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$18,631, \$8,425, and \$4,049, respectively. For fiscal year 2011, 97 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description – C-TEC 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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. C-TEC's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$61,743, \$77,039, and \$182,735, respectively. For fiscal year 2011, 86 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 240 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 60 days for all employees. C-TEC also credits one day for every year of experience beyond ten years with C-TEC.

B. Insurance Benefits

Medical and prescription drug insurance is offered to employees through United Healthcare. Dental insurance coverage is provided through Core Source, Inc. and vision insurance is provided by C-TEC through Vision Services Plus (VSP), Inc. The employees share the cost of the monthly premium with C-TEC, which varies with employees depending on the terms of the union contract. C-TEC provides life insurance and accidental death and dismemberment insurance to all employees through CBA Benefit Services, in the amount of \$50,000 for all employees.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 14 – LONG-TERM OBLIGATIONS

The change in C-TEC's long-term obligations during fiscal year 2011 are as follows:

	Principal Outstanding 6/30/2010	Additions	Deductions	Principal Outstanding 6/30/2011	Due in One Year
Construction and Equipment					
Long-Term Loan 0%	\$300,001	\$0	\$33,334	\$266,667	\$33,334
School Facilities Bond Anticipation					
Note - 2009 Series 1.6%	3,400,000	0	3,400,000	0	0
School Facilities Improvement					
General Obligation Bonds 2002					
Serial Bonds 3.4%-5.375%	5,510,000	0	790,000	4,720,000	880,000
Bond Premium	113,792	0	8,753	105,039	0
School Facilities Improvement					
Refunding Bonds 2010					
Current Interest Serial					
Bonds 2.0%-4.0%	17,645,000	0	530,000	17,115,000	235,000
Capital Appreciation					
Bonds 2.38%-2.858%	309,991	0	0	309,991	0
Capital Appreciation					
Bond Accretion	0	161,337	0	161,337	0
Bond Premium on Current					
Interest Serial Bonds	726,214	0	55,863	670,351	0
Bond Premium on Capital					
Appreciation Bonds	1,655,741	0	275,957	1,379,784	0
Deferred Amount on Refunding	(1,782,333)	137,103	0	(1,645,230)	0
Various Purpose Bonds 2010B Series					
Facilities Bonds					
Serial Bonds - 2.0%-4.0%	1,350,000	0	0	1,350,000	15,000
Term Bonds - 4.0%-4.125%	2,305,000	0	0	2,305,000	0
Bond Premium	40,529	0	1,930	38,599	0
Judgement Bonds					
Serial Bonds - 2.0%-4.0%	275,000	0	0	275,000	10,000
Term Bonds - 4.0%-4.125%	415,000	0	0	415,000	0
Bond Premium	8,742	0	416	8,326	0
Total Long-Term Bonds	32,272,677	298,440	5,096,253	27,474,864	1,173,334
Capital Leases	10,450	0	2,009	8,441	2,176
Compensated Absences Payable	894,971	13,530	200,800	707,701	74,964
Total General Long-Term Obligations	\$33,178,098	\$311,970	\$5,299,062	\$28,191,006	\$1,250,474

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Construction and Equipment Long-Term Loan – On May 27, 2004, C-TEC received a zero interest construction loan through the Vocational School Building Assistance Fund administered by the Office of Career-Technical and Adult Education of the Ohio Department of Education in the amount of \$500,000 for the purpose of paying general expenses incurred due to the construction of new facilities. The loan was issued for a fifteen year period with final maturity on July 1, 2019. This debt will be retired through the General Fund using general tax revenues.

Principal and interest requirements to retire the Construction and Equipment Long-Term Loan outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Principal
2012	\$33,334
2013	33,334
2014	33,333
2015	33,333
2016	33,333
2017-2019	100,000
Total	<u>\$266,667</u>

School Facilities Bond Anticipation Notes – On September 9, 2008, C-TEC issued bond anticipation notes in the amount of \$3,300,000 which matured on September 8, 2009. On September 3, 2009, C-TEC reissued a \$3,400,000 bond anticipation note which matured on September 2, 2010. The \$3,400,000 note was issued to retire the \$3,300,000 note and interest which matured on September 8, 2009. The original note was issued for the purpose of constructing additions to and renovating and improving existing buildings and facilities, including health and safety upgrades and improving access for the disabled. On June 7, 2010, C-TEC issued \$3,655,000 in facilities bonds used to retire the \$3,400,000 in bond anticipation notes.

2002 School Facilities Improvement General Obligation Bonds - On December 15, 2002, C-TEC issued \$35,000,000 in voted School Facilities Improvement Serial Bonds for the purpose of constructing a new instructional building and renovating existing facilities. The proceeds from the sale of these bonds were recorded in the Building Capital Projects Fund. The School Facilities Improvement General Obligation Bonds were issued at a premium in the amount of \$687,738. During fiscal year 2010, C-TEC advance refunded \$17,955,000 of the serial bonds. The advance refunded portion of the bonds was removed from the financial statements of C-TEC. The remaining outstanding bonds are being retired from the Bond Retirement Fund using tax revenues. The original bonds were issued for a twenty-one period with a final maturity at December 1, 2023, and after the advance refunding the remaining bonds continue to have a final maturity at December 1, 2023.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire the remaining bonds of the 2002 School Facilities Improvement General Obligation Bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2012	\$880,000	\$205,590
2013	1,000,000	161,775
2014	0	134,900
2015	0	134,900
2016	0	134,900
2017-2021	0	674,500
2022-2024	2,840,000	337,250
Total	\$4,720,000	\$1,783,815

2010 School Facilities Improvement Refunding Bonds – C-Tec had previously issued 2002 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2010 School Facilities Improvement Refunding Bonds. At the date of refunding, \$20,097,673 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2002 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from C-TEC’s financial statements. As of June 30, 2011, \$18,971,093 remained in the escrow account to retire the refunded 2002 School Facilities Improvement General Obligation Bonds outstanding balance in the amount of \$17,955,000.

On May 20, 2010, C-TEC issued \$17,954,991 of School Facilities Improvement Refunding Bonds that were issued to partially refund the 2002 School Facilities Improvement General Obligation Bonds. The bonds were issued for a thirteen year period with a final maturity at December 1, 2022. The \$17,954,991 bond issue consists of current interest serial bonds of \$17,645,000 and \$309,991 in capital appreciation bonds. The \$17,954,991 School Facilities Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$726,214 for the current interest serial bonds and \$1,655,741 for the capital appreciation bonds. Issuance costs in the amount of \$239,273 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$1,782,333. This difference is being reported in the accompanying financial statements as a decrease to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$585,072. The issuance resulted in a total economic gain of \$497,653.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to the 2010 School Facilities Improvement Refunding Bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Current Interest Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/ Accretion
2012	\$235,000	\$643,775	\$0	\$0	\$235,000	\$643,775
2013	240,000	639,025	0	0	240,000	639,025
2014	1,340,000	616,525	0	0	1,340,000	616,525
2015	0	596,425	229,056	1,220,944	229,056	1,817,369
2016	750,000	585,175	80,935	689,065	830,935	1,274,240
2017-2021	9,550,000	2,012,163	0	0	9,550,000	2,012,163
2022-2023	5,000,000	203,800	0	0	5,000,000	203,800
Total	<u>\$17,115,000</u>	<u>\$5,296,888</u>	<u>\$309,991</u>	<u>\$1,910,009</u>	<u>\$17,424,991</u>	<u>\$7,206,897</u>

2010 Various Purpose Bonds - On June 7, 2010, C-TEC issued \$4,345,000 in Various Purpose Bonds. A portion of the various purpose bonds in the amount of \$3,655,000 in facilities bonds were issued for the purpose of retiring the \$3,400,000 in bond anticipation notes which matured on September 2, 2010. The bond anticipation notes were issued for the purpose of constructing additions to and renovating and improving existing buildings and facilities, including health and safety upgrades and improving access for the disabled. The proceeds from the sale of these bonds were recorded in the Bond Retirement Debt Service Fund. Of the \$3,655,000 facilities bond issuance, \$1,350,000 was serial bonds and \$2,305,000 was term bonds. The \$3,655,000 facilities bonds were issued at a premium of \$40,529. Issuance costs related to the facilities bonds were \$109,406. The second portion of the various purpose bonds were for \$690,000 in judgment bonds issued for the purpose of paying a \$500,000 judgment settlement to Claggett and Sons, Inc. and the associated legal fees. \$661,911 of the proceeds from the sale of these bonds were recorded in the Building Capital Projects Fund and \$23,089 were deposited in the Bond Retirement Debt Service Fund for a total of \$690,000. Of the \$690,000 judgment bond issuance, \$275,000 were serial bonds and \$415,000 were term bonds. The \$690,000 in judgment bonds were issued at a premium in the amount of \$8,742. Issuance costs associated with the issuance of the judgment bonds were \$20,654.

The term bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the year and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2021	\$225,000

The remaining principal amount of such bonds (\$235,000) will be paid at stated maturity on December 1, 2022.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

The term bonds maturing on December 1, 2024 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$250,000

The remaining principal amount of such bonds (\$250,000) will be paid at stated maturity on December 1, 2024.

The term bonds maturing on December 1, 2026 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2025	\$270,000

The remaining principal amount of such bonds (\$280,000) will be paid at stated maturity on December 1, 2026.

The term bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$290,000

The remaining principal amount of such bonds (\$310,000) will be paid at stated maturity on December 1, 2028.

The term bonds maturing on December 1, 2030 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2029	\$315,000

The remaining principal amount of such bonds (\$295,000) will be paid at stated maturity on December 1, 2030.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire the 2010 Various Purpose Bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Facilities Bonds		Judgment Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$15,000	\$136,068	\$10,000	\$25,218	\$25,000	\$161,286
2013	15,000	135,769	10,000	25,018	25,000	160,787
2014	150,000	134,118	30,000	24,618	180,000	158,736
2015	140,000	130,869	30,000	23,943	170,000	154,812
2016	155,000	126,793	30,000	23,119	185,000	149,912
2017-2021	875,000	549,195	165,000	99,757	1,040,000	648,952
2022-2026	1,030,000	364,744	200,000	64,270	1,230,000	429,014
2027-2031	1,275,000	133,779	215,000	20,461	1,490,000	154,240
Total	<u>\$3,655,000</u>	<u>\$1,711,335</u>	<u>\$690,000</u>	<u>\$306,404</u>	<u>\$4,345,000</u>	<u>\$2,017,739</u>

Capital leases will be paid from the General Fund. Compensated absences will be paid from the General Fund, Adult Education, and Food Service Funds.

C-TEC's overall legal debt margin was \$319,476,533 with an unvoted debt margin of \$3,833,546 at June 30, 2011.

NOTE 15 – CAPITAL LEASE

In a previous fiscal year, C-TEC entered into a capitalized lease for a mailing machine. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The agreements provide for minimum annual rental payments as follows:

Year	Principal	Interest	Total
2012	\$2,176	\$597	\$2,773
2013	2,357	416	2,773
2014	2,553	220	2,773
2015	1,355	32	1,387
Total	<u>\$8,441</u>	<u>\$1,265</u>	<u>\$9,706</u>

The lease was originally capitalized in the amount of \$11,396. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2011 totaled \$2,009 in the governmental funds.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 15 – CAPITAL LEASE (Continued)

Property under Capital Lease	\$11,396
Less: Accumulated Depreciation	<u>(3,420)</u>
Total June 30, 2011	<u><u>\$7,976</u></u>

NOTE 16 - INTERFUND ACTIVITY

Interfund balances at June 30, 2011, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Funds:		
General Fund	\$204,234	\$0
Adult Education Special Revenue Fund	0	170,000
Total Major Funds	<u>204,234</u>	<u>170,000</u>
Other Nonmajor Governmental Funds:		
Other Grant	0	8,440
District Managed Activities	0	1,020
ABLE Adult Basic Education	0	23,699
Carl Perkins Vocational Education	0	1,075
Total Other Nonmajor Governmental Funds	<u>0</u>	<u>34,234</u>
Total All Funds	<u><u>\$204,234</u></u>	<u><u>\$204,234</u></u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

C-TEC transferred \$11,843 from the General Fund to the Food Service Special Revenue Fund for the purpose of supplementing the food service department. C-TEC also transferred \$5,940 from the General Fund to the Building Capital Projects Fund for the purpose of additional costs associated from the past lawsuit. The \$5,940 transfer was removed on the accrual basis due to an interfund receivable/payable as of June 30, 2010.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 17 - STATUTORY SET-ASIDES

C-TEC 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.

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

	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2010	\$0	\$0
Current Year Set-Aside Requirement	137,575	137,575
Current Year Qualifying Disbursements	(242,641)	(608,867)
Excess Qualified Expenditures from Prior Years	(3,146,880)	0
Total	(\$3,251,946)	(\$471,292)
Balance Carried Forward to Future Fiscal Years	(\$3,251,946)	\$0
Cash Balances to Carry Forward to Future Fiscal Years	\$0	\$0

C-TEC had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amounts in the textbooks set asides may be used to reduce the set-aside requirements in future fiscal years

NOTE 18 - JOINTLY GOVERNED ORGANIZATION

A. Licking Area Computer Association

C-TEC is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating school districts. The continued existence of LACA is not dependent on C-TEC's continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. C-TEC's total payments to LACA for fiscal year 2011 were \$81,854. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 18 - JOINTLY GOVERNED ORGANIZATION (Continued)

B. Metropolitan Educational Council

C-TEC participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 195 members which includes Educational Service Centers, joint vocational schools, educational service centers, and libraries covering 58 counties in Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The Educational Service Center participates in the insurance purchasing pool. 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 Educational Service Center in Franklin County (18 Educational Service Centers) 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. C-TEC payments to MEC for fiscal year 2011 were \$307 for membership. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 CityGate Drive, Columbus, OH 43219.

C. Educational Regional Service System Region 11

C-TEC participates in the State Support Team Region 11 (SSTR11) a jointly governed organization operated by a Regional Advisory Council that is composed of entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of SSTR11 is to provide professional development and technical assistance services to school districts, community schools, career centers, educational service centers, information technology centers, board of developmental disabilities, chartered nonpublic schools, and colleges and universities within the region by supporting State and district initiatives. The SSTR11 is governed by an advisory council, which is the advisory body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops recommendations to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SSTR11, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the State Support Team – Region 11, 2080 CityGate Drive, Columbus, Ohio 43219. C-TEC made no payments to SSTR11 during fiscal year 2011.

D. School Study Council of Ohio

The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board). The Council is comprised of 57 member organizations. The purpose of the Council is to bring about the improvement of education in member school organizations. School districts maintain active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and to vote. School districts that elect to be associate members are entitled to attend meetings and participate in Council discussions but are not entitled to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2011, the Board consisted of sixteen members. In fiscal year 2011, C-TEC paid \$200 for membership fees and registration for a seminar. Financial information may be obtained by contacting the School Study Council of Ohio at 2080 Citygate Drive, Columbus, Ohio 43219.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 19 - INSURANCE PURCHASING POOL

Northern Buckeye Education Council Worker's Compensation Group Rating Plan

C-TEC participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP is governed by the seven member Board of the Northern Buckeye Education Council (NBEC). The NBEC has contracted with Sheakley Uniservice, Incorporated (Sheakley) to provide third-party administration of the GRP. Each year, the participating school districts must pay their required enrollment fee to Sheakley to cover the costs of administration of the program. In fiscal year 2011, the School District's enrollment fee of \$1,362 was paid to Sheakley.

NOTE 20 - CONTINGENCIES

A. Grants

C-TEC received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of C-TEC at June 30, 2011.

B. Litigation

C-TEC is currently not party to any litigation.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
OF LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 21 – FUND BALANCES

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

Fund Balances	General	Adult Education	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Prepays	\$49,288	\$7,582	\$0	\$4,007	\$60,877
Unclaimed Monies	3,888	0	0	0	3,888
Materials and Supplies Inventory	0	0	0	4,855	4,855
<i>Total Nonspendable</i>	<u>53,176</u>	<u>7,582</u>	<u>0</u>	<u>8,862</u>	<u>69,620</u>
<u>Restricted for:</u>					
Adult Education	0	848,300	0	0	848,300
Department Clubs	0	0	0	25,468	25,468
Reducing Class Size	0	0	0	773	773
Debt Service Payments	0	0	1,214,013	0	1,214,013
<i>Total Restricted</i>	<u>0</u>	<u>848,300</u>	<u>1,214,013</u>	<u>26,241</u>	<u>2,088,554</u>
<u>Committed to:</u>					
Scholarships	0	0	0	1,686	1,686
Other Purposes	144,489	0	0	0	144,489
<i>Total Restricted</i>	<u>144,489</u>	<u>0</u>	<u>0</u>	<u>1,686</u>	<u>146,175</u>
<u>Assigned to:</u>					
Capital Improvements	0	0	0	2,277	2,277
Other Purposes	467,986	0	0	0	467,986
<i>Total Assigned</i>	<u>467,986</u>	<u>0</u>	<u>0</u>	<u>2,277</u>	<u>470,263</u>
Unassigned:	2,475,390	0	0	(55,790)	2,419,600
<i>Total Fund Balances</i>	<u><u>\$3,141,041</u></u>	<u><u>\$855,882</u></u>	<u><u>\$1,214,013</u></u>	<u><u>(\$16,724)</u></u>	<u><u>\$5,194,212</u></u>

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$ 8,398	\$ 8,398
Cash Assistance:			
National School Breakfast Program	10.553	10,315	10,315
National School Lunch Program	10.555	92,656	92,656
Total Child Nutrition Cluster		<u>111,369</u>	<u>111,369</u>
Total U.S. Department of Agriculture		<u>111,369</u>	<u>111,369</u>
U.S. DEPARTMENT OF EDUCATION			
Federal Pell Grant Program	84.063	471,997	474,918
<i>Passed Through Ohio Department of Education:</i>			
Adult Education-State Grant Program	84.002	189,452	208,737
Vocational Education- Basic Grants to States	84.048	469,117	421,592
Safe and Drug Free Schools and Communities - State Grants	84.186	249	-
Improving Teacher Quality - State Grants	84.367	13,030	7,454
Total U.S. Department of Education		<u>1,143,845</u>	<u>1,112,701</u>
Total Federal Receipts and Expenditures		<u>\$ 1,255,214</u>	<u>\$ 1,224,070</u>

The accompanying notes are an integral part of this schedule.

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Career and Technology Education Centers
Licking County
150 Price Road
Newark, Ohio 43055

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 Career and Technology Education Centers, Licking County, Ohio, (the Center) as of and for the year ended June 30, 2011, which collectively comprise the Center's basic financial statements and have issued our report thereon dated October 28, 2011, wherein we noted the Center adopted Government Accounting Standard 54 which resulted in reclassification to governmental fund balances. 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.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated October 28, 2011

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

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

Dave Yost
Auditor of State

October 28, 2011



Dave Yost • 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

Career and Technology Education Centers
Licking County
150 Price Road
Newark, Ohio 43055

To the Board of Education:

Compliance

We have audited the compliance of the Career and Technology Education Centers, Licking 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, 2011. 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 Career and Technology Education Centers complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-01.

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 the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-01 to be a material weakness.

The Center's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the Center's response and, accordingly, we express no opinion on it

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



Dave Yost
Auditor of State

October 28, 2011

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Vocational Education – Basic Grants to States – CFDA #84.048 Federal Pell Grant Program – CFDA #84.063
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

1. Pell Grant – Cash Management

Finding Number	2011-01
CFDA Title and Number	84.063 Federal Pell Grant Program
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	None – Direct Award

Material Weakness/Non-Compliance – Cash Management

The Adult Education Center utilizes the advance payment method to draw down Federal Pell Grant awards from the U.S. Department of Education (ED). The ED permits institutions to draw down Title IV funds prior to disbursing funds to eligible students. The institution’s request must not exceed the amount immediately needed to disburse funds to students. A disbursement of funds occurs on the date an institution credits a student’s account or pays a student directly with either student financial assistance funds or its own funds. The institution must make the disbursements as soon as administratively feasible, but no later than 3 business days following the receipt of funds. 34 CFR section 668.166(a)(1) states, any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to ED.

There were two instances, or 14%, of the fourteen adult education student accounts tested, where the Adult Education Center did not disburse to, or credit, the student’s account within three days of funds being received from the Department of Education. In these two instances, seven and thirty five days lapsed between the date the funds were received from ED and the date that the student’s accounts were credited. However, we did note that the funds were credited to the appropriate students account and at the correct amount.

Failure to ensure Federal Pell Grant awards are credited to a student’s account within three days after they are received from the ED could result in loss of funding because any amounts not disbursed to a student’s account by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to ED.

We recommend that the Center develop procedures to ensure that funds are credited to the student’s accounts within three days of being received from ED.

Officials’ Response/Corrective Action Plan:

This finding was the result of a clerical error by the School Financial Aid Officer. Procedures have been developed and implemented to prevent future errors.

Anticipated Completion Date: November 18, 2011
Responsible Contact Person: Kelly Wallace, Director of Adult Education Center

**CAREER AND TECHNOLOGY EDUCATION CENTERS
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code 5705.36(A) – Certification of available revenue	Yes	N/A

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLING AGREED-UPON PROCEDURES

Career and Technology Education Centers
Licking County
150 Price Road
Newark, Ohio 43055

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 16, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

Dave Yost
Auditor of State

October 28, 2011

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Dave Yost • Auditor of State

CAREER AND TECHNOLOGY EDUCATION CENTERS

LICKING 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
NOVEMBER 29, 2011