

**MAHONING COUNTY CAREER  
AND TECHNICAL CENTER  
MAHONING COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Education  
Mahoning County Career and Technical Center  
7300 N. Palmyra Road  
Canfield, Ohio 44406

We have reviewed the *Independent Auditor's Report* of the Mahoning County Career and Technical Center, Mahoning County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 3, 2012

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**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
SINGLE AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Mahoning County Career and Technical Center  
Canfield, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Mahoning County Career and Technical Center, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mahoning County Career and Technical Center, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

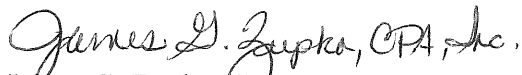
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Mahoning County Career and Technical Center, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2011, on our consideration of the Mahoning County Career and Technical Center, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mahoning County Career and Technical Center, Ohio's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

October 21, 2011



**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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This discussion and analysis of the Mahoning County Career & Technical Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

- The District's assets exceeded its liabilities at June 30, 2011, by \$33,856,572 and net assets decreased by \$25,161 during the fiscal year.
- General revenues accounted for \$11,064,533 in revenue or 85.3 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$1,899,061 or 14.7 percent of total revenues of \$12,963,594. The decrease in total revenue was the result of the District receiving final insurance settlement proceeds of \$2,156,219 in the prior year.
- The District had \$12,988,755 in expenses related to governmental activities; only \$1,899,061 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,064,533 were nearly adequate to provide for these programs.
- The general fund had \$11,248,601 in revenues and \$10,860,094 in expenditures, excluding other financing sources and uses. The general fund balance increased by \$333,575 to \$20,238,253, which represents an increase of 1.7 percent.
- During fiscal year 2011, the District completed construction on its new building. The old building was destroyed by fire in 2007. On a cash basis, final insurance proceeds were received during the fiscal year and the building is fully functional and operating to its capacity.

**Using this Annual Financial Report**

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

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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**Reporting the District as a Whole**

Statement of Net Assets and the Statement of Activities

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

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Changes to the District's net assets are a direct result of the District's property tax base, facility conditions, required educational programs, student enrollment, and general inflation.

In the Statement of Net Assets and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, and extracurricular activities.

**Reporting the District's Most Significant Funds**

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The general fund is the most significant fund of the District.

Governmental Funds

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

**The District as a Whole**

As stated previously the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for fiscal year 2011 compared to 2010.

**Table 1**  
Net Assets  
Governmental Activities

	2011	2010	Change
<b>Assets</b>			
Current and Other Assets	\$28,878,677	\$28,034,036	\$844,641
Capital Assets	28,144,213	28,894,416	(750,203)
<i>Total Assets</i>	<u>57,022,890</u>	<u>56,928,452</u>	<u>94,438</u>
<b>Liabilities</b>			
Current Liabilities	7,703,115	7,347,269	355,846
Long-Term Liabilities			
Due within One Year	423,977	412,564	11,413
Due in More than One Year	15,039,226	15,286,886	(247,660)
<i>Total Liabilities</i>	<u>23,166,318</u>	<u>23,046,719</u>	<u>119,599</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	13,947,981	14,413,990	(466,009)
Restricted	14,211,319	14,455,130	(243,811)
Unrestricted	5,697,272	5,012,613	684,659
<i>Total Net Assets</i>	<u>\$33,856,572</u>	<u>\$33,881,733</u>	<u>(\$25,161)</u>

Total assets increased by \$94,438 during the fiscal year. While capital assets decreased by \$750,203 due to depreciation exceeding current year outlays, current and other assets increased by \$844,641. Cash and investment balances increased significantly from the prior year due a reduction in expenditures related to the construction project.

Total liabilities increased by \$119,599. The majority of this slight increase was due to an increase in intergovernmental payables during the fiscal year. The reason for this increase was due to payables to the Mahoning County Educational Service Center for educational aides.

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$33,856,572.

At fiscal year-end, capital assets represented nearly 50 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of depreciation at June 30, 2011, were \$28,144,213. These capital assets are used to provide services to the students and are not available for future spending.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

Table 2 shows the change in net assets for fiscal year ended June 30, 2011 as compared to 2010.

**Table 2**  
Change in Net Assets  
Governmental Activities

	2011	2010	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$1,080,498	\$1,011,239	\$69,259
Operating Grants and Contributions	818,563	762,335	56,228
<i>Total Program Revenues</i>	<u>1,899,061</u>	<u>1,773,574</u>	<u>125,487</u>
<b>General Revenues</b>			
Property Taxes	6,267,310	6,277,736	(10,426)
Grants and Entitlements not Restricted to Specific Programs	4,379,296	4,331,541	47,755
Investment Earnings	345,420	416,191	(70,771)
Miscellaneous	72,507	73,357	(850)
Extraordinary Item - Impairment Gain on Fire Damage, Net of Insurance Recovery	0	2,156,219	(2,156,219)
<i>Total General Revenues &amp; Extraordinary Items</i>	<u>11,064,533</u>	<u>13,255,044</u>	<u>(2,190,511)</u>
<i>Total Revenues</i>	<u>12,963,594</u>	<u>15,028,618</u>	<u>(2,065,024)</u>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	1,347,883	1,106,828	241,055
Vocational	4,346,553	3,508,479	838,074
Adult/Continuing	575,908	552,421	23,487
Support Services:			
Pupils	1,131,827	978,747	153,080
Instructional Staff	1,731,106	1,030,907	700,199
Board of Education	59,251	36,082	23,169
Administration	913,058	726,351	186,707
Fiscal	416,625	312,105	104,520
Business	1,886	1,597	289
Operation and Maintenance of Plant	1,178,352	1,015,083	163,269
Pupil Transportation	41,111	41,024	87
Central	135,736	137,738	(2,002)
Operation of Non-Instructional Services	12,369	667	11,702
Operation of Food Services	307,013	239,048	67,965
Extracurricular Activities	70,043	60,289	9,754
Interest and Fiscal Charges	720,034	1,088,666	(368,632)
<i>Total Program Expenses</i>	<u>12,988,755</u>	<u>10,836,032</u>	<u>2,152,723</u>
<i>Increase (Decrease) in Net Assets</i>	(25,161)	4,192,586	(4,217,747)
Net Assets Beginning of Year	<u>33,881,733</u>	<u>29,689,147</u>	<u>4,192,586</u>
<i>Net Assets End of Year</i>	<u>\$33,856,572</u>	<u>\$33,881,733</u>	<u>(\$25,161)</u>

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

## Governmental Activities

Net assets of the District's governmental activities decreased \$25,161 during fiscal year 2011. Total governmental expenses of \$12,988,755 were offset by program revenues of \$1,899,061 and general revenues of \$11,064,533. General revenues supported 85 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent over 82 percent of all governmental revenue.

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

**Table 3**  
Total and Net Cost of Program Services  
Governmental Activities

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$6,270,344	\$5,551,260	\$5,167,728	\$4,445,012
Support Services	5,608,952	4,715,985	4,279,634	3,515,056
Operation of Non-Instructional Services	12,369	11,882	667	642
Food Service Operation	307,013	23,239	239,048	(44,985)
Extracurricular Activities	70,043	67,294	60,289	58,067
Interest and Fiscal Charges	720,034	720,034	1,088,666	1,088,666
<i>Total Expenditures</i>	<u>\$12,988,755</u>	<u>\$11,089,694</u>	<u>\$10,836,032</u>	<u>\$9,062,458</u>

## The District's Funds

Information regarding the School District's major funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, including other financing sources, of \$12,869,768 to offset expenditures, including other financing uses, of \$12,534,867. The net change in fund balance for the year was most significant in the general fund, which increased \$333,575. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes are the largest revenue source, accounting for more than 47 percent of total governmental revenue, excluding other financing sources.

## General Fund Budgeting Highlights

The District'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 fund to be budgeted is the main operating fund of the District, the general fund.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

During the course of fiscal year 2011, the District approved amendments to its original general fund appropriations. The District budget is adopted on a fund basis and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual revenue and other financing sources totaled \$83,978 more than original estimates and \$15,182 more than final estimates. Actual expenditures and other financing uses totaled \$111,003 more than original appropriations and \$353,905 less than final amended appropriations. The majority of this difference was due to a large encumbrance for instructional staff expenditures and slightly higher than expected capital outlay expenditures.

## Capital Assets

At the end of fiscal year 2011, the District had \$28,144,213 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

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

	2011	2010
Land	\$125,000	\$125,000
Construction in Progress	0	102,556
Land Improvements	16,397	17,633
Buildings and Improvements	26,094,922	26,486,660
Furniture, Fixtures and Equipment	1,843,728	2,087,292
Vehicles	64,166	75,275
<i>Total</i>	<u>\$28,144,213</u>	<u>\$28,894,416</u>

All capital assets, except land and construction in progress, are reported net of depreciation. The \$750,203 decrease in capital assets was the result of current year depreciation of \$1,089,629 and net deletions of \$3,836 exceeding current year additions of \$343,262. For more information about the District's capital assets, see Note 9 to the basic financial statements.

## Long-Term Obligations

During fiscal year 2009 the District issued \$15,300,000 in Certificates of Participation for the purpose of constructing, furnishing, improving, equipping, lease and eventual acquisition, of additions, renovations and other improvements to the Career Center Building and related site improvements. During fiscal year 2010, the District advance refunded all but \$450,000 of these certificates. The refunding Certificates of Participation were issued in the amount of \$16,360,000, and included an original issue discount of \$53,037. The advance refunding resulted in a net present value benefit of \$1,914,257 and \$3,357,956 in cash flow savings for the District.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

The refunding Certificates of Participation will be repaid over 28 years with principal payment beginning in fiscal year 2010. The District made its scheduled principal payment of \$355,000 during the fiscal year. The following table summarizes the District's outstanding long-term obligations.

**Table 5  
Outstanding Long-Term Obligations**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
1/13/09 Certificates of Participation	\$160,000	\$310,000
10/15/09 Advance Refunded Certificates of Participation	15,830,000	16,035,000
Unamortized Original Issue Discount	(49,763)	(51,727)
Unamortized Deferred Amount on Refunding	(1,744,005)	(1,812,847)
Compensated Absences	1,266,971	1,219,024
Totals	<u>\$15,463,203</u>	<u>\$15,699,450</u>

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District. For more information about the District's long-term obligations, see Note 16 to the basic financial statements.

### **Current Related Financial Activity**

On January 10<sup>th</sup>, 2011, the state of Ohio swore in its 69<sup>th</sup> Governor, John Kasich. Governor Kasich's short tenure has found public education with a large target painted squarely on its back. With his first biennial budget submitted in June, the education line item was cut by 11.5 percent. Career & Technical education, on the other hand, remained flat funded. Other line items, including tangible personal property tax reimbursements were also phased-out, and in some cases eliminated in this budget. The tangible personal property tax was eliminated to make Ohio an attractive place for business owners and executives to conduct commerce. Those held harmless reimbursements were slated to recede and eventually end in 2018.

With the Republicans holding majority in both the Senate and House of Representatives a controversial bill originating in the Senate will be placed on the ballot in the form of a referendum in November 2011. The bill, known as Senate Bill 5, restricts the bargaining rights of public employees and eliminates their ability to strike. It also restricts employee's ability to bargain for working conditions as well as limits the amount of healthcare coverage a public employer can pay on behalf of its employees to 85 percent. It is the most restrictive collective bargaining law to be introduced in the state of Ohio since the Ferguson Act was repealed in 1983.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Blaise Karlovic, Treasurer, Mahoning County Career & Technical Center, 7300 North Palmyra Road, Canfield, Ohio 44406 or email at [BLAISE.KARLOVIC@MAHONINGCTC.COM](mailto:BLAISE.KARLOVIC@MAHONINGCTC.COM).

# Mahoning County Career & Technical Center

Mahoning County, Ohio

Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,373,312
Investments	14,284,422
Accrued Interest Receivable	12,635
Accounts Receivable	47,381
Intergovernmental Receivable	4,442
Property Taxes Receivable	7,122,527
Inventory Held for Resale	5,522
Materials and Supplies Inventory	28,436
Nondepreciable Capital Assets	125,000
Depreciable Capital Assets, Net	28,019,213
<i>Total Assets</i>	<u>57,022,890</u>
<b>Liabilities</b>	
Accounts Payable	9,711
Accrued Wages and Benefits Payable	771,401
Intergovernmental Payable	577,064
Matured Compensated Absences Payable	45,209
Deferred Revenue	6,245,706
Accrued Interest Payable	54,024
Long-Term Liabilities:	
Due Within One Year	423,977
Due In More Than One Year	15,039,226
<i>Total Liabilities</i>	<u>23,166,318</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	13,947,981
Restricted for:	
Capital Projects	14,211,319
Unrestricted	5,697,272
<i>Total Net Assets</i>	<u>\$33,856,572</u>

See accompanying notes to the basic financial statements



**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$1,347,883	\$52,037	\$0	(\$1,295,846)
Vocational	4,346,553	138,332	7,041	(4,201,180)
Adult/Continuing	575,908	352,705	168,969	(54,234)
Support Services:				
Pupils	1,131,827	36,385	214,685	(880,757)
Instructional Staff	1,731,106	185,113	158,508	(1,387,485)
Board of Education	59,251	2,333	0	(56,918)
Administration	913,058	117,852	46,882	(748,324)
Fiscal	416,625	16,442	0	(400,183)
Business	1,886	74	0	(1,812)
Operation and Maintenance of Plant	1,178,352	55,772	3,318	(1,119,262)
Pupil Transportation	41,111	1,448	0	(39,663)
Central	135,736	3,437	50,718	(81,581)
Operation of Non-Instructional Services	12,369	487	0	(11,882)
Operation of Food Services	307,013	115,332	168,442	(23,239)
Extracurricular Activities	70,043	2,749	0	(67,294)
Interest and Fiscal Charges	720,034	0	0	(720,034)
<i>Total Governmental Activities</i>	<u>\$12,988,755</u>	<u>\$1,080,498</u>	<u>\$818,563</u>	<u>(11,089,694)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				6,267,310
Grants and Entitlements not				
Restricted to Specific Programs				4,379,296
Investment Earnings				345,420
Miscellaneous				72,507
<i>Total General Revenues</i>				<u>11,064,533</u>
Change in Net Assets				(25,161)
<i>Net Assets Beginning of Year</i>				33,881,733
<i>Net Assets End of Year</i>				<u>\$33,856,572</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,215,622	\$157,690	\$7,373,312
Investments	14,284,422	0	14,284,422
Accrued Interest Receivable	12,635	0	12,635
Accounts Receivable	15,014	32,367	47,381
Intergovernmental Receivable	0	4,442	4,442
Property Taxes Receivable	7,122,527	0	7,122,527
Inventory Held for Resale	0	5,522	5,522
Materials and Supplies Inventory	25,248	3,188	28,436
<i>Total Assets</i>	<u>\$28,675,468</u>	<u>\$203,209</u>	<u>\$28,878,677</u>
<b>Liabilities</b>			
Accounts Payable	\$4,304	\$5,407	\$9,711
Accrued Wages and Benefits Payable	708,242	63,159	771,401
Intergovernmental Payable	554,897	22,167	577,064
Matured Compensated Absences Payable	45,209	0	45,209
Deferred Revenue	7,124,563	0	7,124,563
<i>Total Liabilities</i>	<u>8,437,215</u>	<u>90,733</u>	<u>8,527,948</u>
<b>Fund Balances</b>			
Nonspendable	25,248	8,710	33,958
Restricted	0	141,144	141,144
Committed	0	3,797	3,797
Assigned	14,287,401	0	14,287,401
Unassigned (Deficit)	5,925,604	(41,175)	5,884,429
<i>Total Fund Balances</i>	<u>20,238,253</u>	<u>112,476</u>	<u>20,350,729</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$28,675,468</u>	<u>\$203,209</u>	<u>\$28,878,677</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2011*

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<b>Total Governmental Fund Balances</b>		<b>\$20,350,729</b>
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,144,213
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Property Taxes	873,971	
Tuition and Fees	4,886	
Total		878,857
In the statement of activities, interest is accrued on outstanding certificates of participation, whereas in governmental funds, an interest expenditure is reported when due.		(54,024)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation Payable	(15,990,000)	
Discount on Certificates of Participation Payable	49,763	
Deferred Amount on Advanced Refunding	1,744,005	
Compensated Absences	(1,266,971)	
Total		(15,463,203)
 <i>Net Assets of Governmental Activities</i>		 <b><u><u>\$33,856,572</u></u></b>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$6,119,050	\$0	\$6,119,050
Tuition and Fees	318,610	580,284	898,894
Interest	345,285	135	345,420
Charges for Services	60,411	115,332	175,743
Rentals	975	0	975
Contributions and Donations	4,602	1,130	5,732
Intergovernmental	4,379,296	812,831	5,192,127
Miscellaneous	20,372	52,135	72,507
<i>Total Revenues</i>	<u>11,248,601</u>	<u>1,561,847</u>	<u>12,810,448</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	1,316,165	0	1,316,165
Vocational	3,373,050	2,325	3,375,375
Adult/Continuing	0	577,808	577,808
Support Services:			
Pupils	913,815	224,829	1,138,644
Instructional Staff	1,410,599	295,206	1,705,805
Board of Education	59,251	0	59,251
Administration	745,586	142,604	888,190
Fiscal	413,637	0	413,637
Business	1,886	0	1,886
Operation and Maintenance of Plant	1,142,235	14,934	1,157,169
Pupil Transportation	36,784	0	36,784
Central	87,289	48,447	135,736
Operation of Non-Instructional Services	12,369	0	12,369
Operation of Food Services	0	297,024	297,024
Extracurricular Activities	71,396	0	71,396
Capital Outlay	271,056	14,470	285,526
Debt Service:			
Principal Retirement	355,000	0	355,000
Interest and Fiscal Charges	649,976	0	649,976
<i>Total Expenditures</i>	<u>10,860,094</u>	<u>1,617,647</u>	<u>12,477,741</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>388,507</u>	<u>(55,800)</u>	<u>332,707</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	2,194	0	2,194
Transfers In	0	57,126	57,126
Transfers Out	(57,126)	0	(57,126)
<i>Total Other Financing Sources (Uses)</i>	<u>(54,932)</u>	<u>57,126</u>	<u>2,194</u>
<i>Net Change in Fund Balances</i>	333,575	1,326	334,901
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	19,904,678	111,150	20,015,828
<i>Fund Balances End of Year</i>	<u>\$20,238,253</u>	<u>\$112,476</u>	<u>\$20,350,729</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*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*

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**Net Change in Fund Balances - Total Governmental Funds** \$334,901

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

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	343,262	
Current Year Depreciation	(1,089,629)	
Total		(746,367)

The net effect of various transactions involving capital assets (i.e.; disposals and sales) is a reduction in net assets.

Assets Disposed	(25,739)	
Accumulated Depreciation on Disposals	21,903	
Total		(3,836)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	148,260	
Tuition and Fees	4,886	
Total		153,146

Repayment of long-term certificate of participation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 355,000

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

Accrued Interest on Certificates of Participation	748	
Amortization of Discount Charges	(1,964)	
Amortization of Deferred Amount on Refunding	(68,842)	
Total		(70,058)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (47,947)

*Change in Net Assets of Governmental Activities* (\$25,161)

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$6,103,621	\$6,119,618	\$6,119,618	\$0
Tuition and Fees	254,724	276,507	276,507	0
Interest	320,898	322,773	322,773	0
Charges for Services	60,060	60,411	60,411	0
Rentals	870	875	875	0
Contributions and Donations	4,575	4,602	4,602	0
Intergovernmental	4,353,859	4,379,296	4,379,296	0
Miscellaneous	69	69	15,251	15,182
<i>Total Revenues</i>	<u>11,098,676</u>	<u>11,164,151</u>	<u>11,179,333</u>	<u>15,182</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,368,070	1,343,500	1,290,772	52,728
Vocational	3,414,084	3,411,937	3,320,629	91,308
<b>Support Services:</b>				
Pupils	948,048	953,044	937,130	15,914
Instructional Staff	1,036,967	1,445,248	1,390,666	54,582
Board of Education	55,342	96,901	76,123	20,778
Administration	727,799	738,684	719,206	19,478
Fiscal	373,298	414,448	407,937	6,511
Business	2,317	2,317	1,886	431
Operation and Maintenance of Plant	1,239,601	1,248,915	1,191,896	57,019
Pupil Transportation	42,460	45,510	36,559	8,951
Central	132,000	94,852	88,095	6,757
Operation of Non-Instructional Services	793	12,378	12,369	9
Extracurricular Activities	74,761	81,980	71,404	10,576
Capital Outlay	287,201	277,935	271,056	6,879
<b>Debt Service:</b>				
Principal Retirement	355,000	355,000	355,000	0
Interest and Fiscal Charges	649,976	649,976	649,976	0
<i>Total Expenditures</i>	<u>10,707,717</u>	<u>11,172,625</u>	<u>10,820,704</u>	<u>351,921</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>390,959</u>	<u>(8,474)</u>	<u>358,629</u>	<u>367,103</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Proceeds	1,030,000	1,033,321	1,033,321	0
Transfers Out	(75,000)	(75,000)	(73,016)	1,984
<i>Total Other Financing Sources (Uses)</i>	<u>955,000</u>	<u>958,321</u>	<u>960,305</u>	<u>1,984</u>
<i>Net Change in Fund Balance</i>	1,345,959	949,847	1,318,934	369,087
<i>Fund Balance Beginning of Year</i>	19,221,077	19,221,077	19,221,077	0
<i>Prior Year Encumbrances Appropriated</i>	392,274	392,274	392,274	0
<i>Fund Balance End of Year</i>	<u>\$20,959,310</u>	<u>\$20,563,198</u>	<u>\$20,932,285</u>	<u>\$369,087</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Statement of Fiduciary Net Assets*

*Fiduciary Fund*

*June 30, 2011*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$30,289</u>
<b>Liabilities</b>	
Due to Students	<u>\$30,289</u>

See accompanying notes to the basic financial statements

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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## **Note 1 - Description of the School District and Reporting Entity**

The Mahoning County Career & Technical Center (School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes thirteen member schools spread throughout Mahoning, Trumbull, Columbiana and Portage Counties.

The School District operates under a seven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts, Struthers and Campbell. The Mahoning County Educational Service Center Governing Board cannot directly impose their will on the School District; therefore, the School District is a related organization of the Mahoning County Educational Service Center.

### **A. Reporting Entity**

The reporting entity is composed of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District this includes the agencies and departments that provide the following services: general operations, food service, adult education and student related activities of the School District.

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

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

City of Canfield - The city government is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Member School Districts - The School District accepts non-tuition students from each of the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered to be a part of the School District.



# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Canfield Branch of the Mahoning County Public Library - The Library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District does not serve as the taxing authority for the Library.

The School District participates in certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 15 to the basic financial statements and the public entity risk pools are presented in Note 18. These organizations are:

Area Cooperative Computerized Educational Service System/ACCESS Assembly  
Mahoning Area Consortium Tech Prep  
Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program  
Ohio School Plan  
Mahoning County Insurance Consortium  
Ohio Schools Council

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

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

### **A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements which provide a more detailed level of financial information.

#### Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

## Fund Financial Statements:

During the year, the School District segregates transactions related to certain School 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 the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

## B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District does not have proprietary funds.

## 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 is the School District's major governmental fund:

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

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

## Fiduciary Fund Type:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary fund is an agency fund that accounts for student activities.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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## C. Measurement Focus

### Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

### Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations 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 and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

### Revenues – Exchange and Non-Exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

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 governmental funds.

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. 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 certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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F. Cash and Cash Equivalents and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2011, investments were limited to mutual funds and securities issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Farm Credit Bureau and the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$345,285 which includes \$2,145 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District, and investments maturing within three months of fiscal year end are presented on the financial statements as cash equivalents. Investments with an original maturity of more than one year or maturing more than three months after fiscal year end are presented on the financial statements as investments.

G. Inventory

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

H. Capital Assets

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

Description	Estimated Lives
Land Improvements	10 years
Buildings and Improvements	45 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	5 - 20 years

**I. Deferred Charges**

On government-wide financial statements, certificate issuance costs are deferred and amortized over the term of the certificates using the straight-line method since the results are not significantly different from the effective interest method. Certificate issuance costs are reported as an expenditure on the governmental fund financial statement when incurred.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District 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 termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

**K. Accrued Liabilities and Long-term Obligations**

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

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

**L. 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

## Mahoning County Career & Technical Center

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those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$14,211,319, none of which is restricted by enabling legislation.

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

### M. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans 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 Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District 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 District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Interfund Activity

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

O. 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. During fiscal year 2011, the School District received \$1,033,321 in insurance proceeds on a cash basis, for fire damage incurred in a previous fiscal year.

P. Estimates

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

### **Note 3 – Change in Accounting Principle and Restatement of Fund Balance**

#### ***A. Change in Accounting Principles***

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59 “Financial Instruments Omnibus”.

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 compromise 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 the District's financial statements.

GASB Statement No. 59 improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice, by improving the consistency of measurements and by providing clarification of existing standards. The implementation of GASB Statement No. 59 did not have any affect on the District's financial statements.



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**B. Restatement of Prior Year Fund Balance**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance at June 30, 2010	\$19,890,374	\$125,454	\$20,015,828
Change in Fund Structure (GASB 54)	14,304	(14,304)	0
Adjusted Fund Balance at June 30, 2010	\$19,904,678	\$111,150	\$20,015,828

**Note 4 – Accountability**

At June 30, 2011, the Food Service and Vocational Education special revenue funds had deficit fund balances of \$15,215 and \$19,442, respectively, which were created by 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.

**Note 5 - Budgetary Basis of Accounting**

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

The major differences between the budget basis and GAAP (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. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. The change in fair value of investments is not included on the budget basis operating statement, however, it is included on the GAAP basis operating statement.
5. \*Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP basis).

\*As part of Governmental Accounting Standards Board No. 54 “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the uniform school supplies and public school support special revenue funds.

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The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

	Net Change in Fund Balance	
GAAP Basis		\$333,575
Net Adjustment for Revenue Accruals		1,009,550
Beginning Fair Value Adjustment		96,719
Ending Fair Value Adjustment		(106,708)
Net Adjustment for Expenditure Accruals		433,406
Net Adjustment for Funds Budgeted as Special Revenue		10,177
Adjustment for Encumbrances		<u>(457,785)</u>
Budget Basis		<u><u>\$1,318,934</u></u>

**Note 6 - Deposits and Investments**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District 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 School District 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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;

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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time, and,
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements.

Cash on Hand At fiscal year-end, the School District had \$645 in un-deposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$7,402,956. As of June 30, 2011, all of the School District's bank balance of \$7,432,822 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in the single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

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Investments As of June 30, 2011, the School District had the following investments and maturities:

	Fair Value	Maturity
STAROhio	\$2,102,390	Less than One Year
Mutual Funds	1,456,577	Less than One Year
Federal Home Loan Bank Bonds	250,465	Less than One Year
Federal National Mortgage Association Bonds	475,235	One to Three Years
Federal Home Loan Bank Bonds	350,200	One to Three Years
Federal Farm Credit Bureau Bonds	324,998	One to Three Years
Federal Home Loan Mortgage Corporation Bonds	225,000	One to Three Years
Federal National Mortgage Association Bonds	2,319,327	Three to Five Years
Federal Home Loan Bank Bonds	1,630,220	Three to Five Years
Federal Farm Credit Bureau Bonds	700,000	Three to Five Years
Federal Home Loan Mortgage Corporation Bonds	180,000	Three to Five Years
Federal National Mortgage Association Bonds	500,000	More than Five Years
Federal Home Loan Mortgage Corporation Bonds	3,770,010	More than Five Years
Total Portfolio	\$14,284,422	

Interest Rate Risk. The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of June 30, 2011, the School District's investments in Mutual Funds were not rated, STAROhio was rated AAAM, Federal Farm Credit Bureau Bonds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds and the Federal Home Loan Mortgage Corporation Bonds were rated AAA by Standard and Poors and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2011:

Investment	Percent of Total
Federal Home Loan Mortgage Corporation	29.22%
Federal National Mortgage Association	23.06%
Federal Home Loan Bank	15.62%
STAR Ohio	14.72%
Mutual Funds	10.20%
Federal Farm Credit Bureau Bonds	7.18%
Total	100.00%

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*Notes to the Basic Financial Statements  
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## **Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Real property tax revenue received in calendar year 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.

Public utility property tax revenue received in calendar year 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.

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mahoning, Trumbull, Portage, and Columbiana Counties. The Mahoning County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties 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 includes real property, public utility property and tangible personal property taxes which are 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$2,850 in the General 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 has been deferred.

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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
Agricultural/Residential and Other Real Estate	\$3,433,294,550	96.84 %	\$3,451,635,690	96.99 %
Public Utility Personal	103,509,980	2.92	107,134,790	3.01
Tangible Personal Property	8,341,707	0.24	0	0.00
<b>Total</b>	<b>\$3,545,146,237</b>	<b>100.00 %</b>	<b>\$3,558,770,480</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	\$2.10		\$2.10	

**Note 8 – Fund Balances**

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

Fund Balances	General	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>			
Inventory	\$25,248	\$8,710	\$33,958
<b><i>Restricted for</i></b>			
College Scholarships	0	53,990	53,990
Adult Education	0	71,367	71,367
Technology Improvements	0	4,497	4,497
Capital Improvements	0	11,290	11,290
<b><i>Total Restricted</i></b>	<b>0</b>	<b>141,144</b>	<b>141,144</b>
<b><i>Committed to</i></b>			
Permanent Improvements	0	3,797	3,797
<b><i>Assigned to</i></b>			
Other Purposes	27,793	0	27,793
Encumbrances	63,376	0	63,376
Certificates of Participation	14,196,232	0	14,196,232
<b><i>Total Assigned</i></b>	<b>14,287,401</b>	<b>0</b>	<b>14,287,401</b>
<b><i>Unassigned (Deficit)</i></b>	<b>5,925,604</b>	<b>(41,175)</b>	<b>5,884,429</b>
<b><i>Total Fund Balances</i></b>	<b>\$20,238,253</b>	<b>\$112,476</b>	<b>\$20,350,729</b>

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**Note 9 – Capital Assets**

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

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$125,000	\$0	\$0	\$125,000
Construction in progress	102,556	231,523	(334,079)	0
<b>Total capital assets not being depreciated</b>	<b>227,556</b>	<b>231,523</b>	<b>(334,079)</b>	<b>125,000</b>
Capital assets being depreciated				
Land improvements	27,254	0	0	27,254
Buildings and improvements	33,090,557	334,079	0	33,424,636
Furniture, fixtures and equipment	4,383,941	106,249	(25,739)	4,464,451
Vehicles	496,635	5,490	0	502,125
<b>Total capital assets being depreciated</b>	<b>37,998,387</b>	<b>445,818</b>	<b>(25,739)</b>	<b>38,418,466</b>
Accumulated depreciation				
Land improvements	(9,621)	(1,236)	0	(10,857)
Buildings and improvements	(6,603,897)	(725,817)	0	(7,329,714)
Furniture, fixtures and equipment	(2,296,649)	(345,977)	21,903	(2,620,723)
Vehicles	(421,360)	(16,599)	0	(437,959)
<b>Total accumulated depreciation</b>	<b>(9,331,527)</b>	<b>(1,089,629) *</b>	<b>21,903</b>	<b>(10,399,253)</b>
<b>Capital assets being depreciated, net</b>	<b>28,666,860</b>	<b>(643,811)</b>	<b>(3,836)</b>	<b>28,019,213</b>
<b>Governmental activities capital assets, net</b>	<b>\$28,894,416</b>	<b>(\$412,288)</b>	<b>(\$337,915)</b>	<b>\$28,144,213</b>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$26,376
Vocational	995,900
Adult/Continuing	7,939
Support Services:	
Pupil	3,633
Instructional Staff	16,407
Administration	7,487
Fiscal	370
Operation and Maintenance of Plant	18,376
Pupil Transportation	4,327
Operation of Food Services	8,539
Extracurricular	275
<b>Total Depreciation Expense</b>	<b>\$1,089,629</b>

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**Note 10 - Receivables**

Receivables at June 30, 2011, consisted of accounts, accrued interest 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 year guarantee of Federal funds. All receivables are expected to be collected within one year. At June 30, 2011, the School District had an intergovernmental receivable of \$4,442 in the Food Service special revenue fund for Federal breakfast and lunch subsidies.

**Note 11 – Risk Management**

A. Property and Liability

The School District 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. Settled claims have not exceeded insurance coverage in the last three years. During fiscal year 2011, the School District contracted for the following insurance coverage:

Type of Coverage	Coverage
<b>Coverage provided by Ohio School Plan:</b>	
Property/Boiler and Machinery (\$1,000 deductible)	\$57,915,975
Extra Expense (\$1,000 deductible)	1,000,000
Aircraft (\$1,000 deductible)	262,975
Crime (\$1,000 deductible)	50,000
Fleet Insurance, single limit (\$250 deductible - comprehensive)	2,000,000
(\$1,000 deductible - busses)	
(\$500 deductible - collision)	
<b>Coverage provided by The Ohio School Plan:</b>	
General Liability	
in aggregate	\$4,000,000
Per occurrence	2,000,000

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

B. Workers' Compensation

For 2011, the School District participated in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18).

C. Employee Medical Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of twelve Mahoning County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$956.04 for family coverage and \$341.44 for single coverage per employee per month.



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Dental and prescription drug insurance are also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$37.10 for single coverage and \$89.40 for family. Monthly premiums for prescription drug insurance are \$323.81 for family coverage and \$115.65 for single coverage. The plan utilizes a \$5 minimum and \$10 maximum for staff.

Vision coverage is provided through Vision Service Plan. Monthly premiums for vision coverage are \$29.87.

**Note 12 – Pension Plans**

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$138,738, \$154,254, and \$112,239, respectively; 80.5 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

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

## **Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

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

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

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

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

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

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

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

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10 percent of covered payroll for members and 14 percent for employers. The District's required contributions to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$624,452, \$631,074, and \$617,187, respectively; 88.2 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$11,456 made by the District and \$8,183 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* will be available sometime after December 31, 2010.

Additional information or copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

## C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose social security or the SERS or STRS Ohio. As of June 30, 2011, one Board of Education member has elected social security. The Board's liability is 6.2 percent of wages paid.

## **Note 13 – Post-employment Benefits**

### A. School Employees Retirement System

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

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

## Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76 percent. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$8,928, \$9,173 and \$9,261, respectively, which equaled the required contributions each year.

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2011, the health care allocation is 1.43 percent. An additional health care surcharge on employers is allocated for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2011, 2010 and 2009 were \$42,081, \$35,844 and \$78,802, respectively; 80.5 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

### B. State Teachers Retirement System

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30, 2011, 2010 and 2009 were \$48,035, \$48,544, and \$47,476, respectively; 88.2 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**Note 14 – Other Employee Benefits**

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred sixty five days for classified employees and two hundred seventy five days for certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of sixty five days for classified employees and sixty eight days for certified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$30,000 per classified employee and \$50,000 per certified and administrative employee. Life insurance is provided through the Metropolitan Educational Insurance Company.

**Note 15 – Jointly Governed Organizations**

A. Area Cooperative Computerized Educational Service System/ACCESS Assembly

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

## **Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$12,521 to ACCESS during fiscal year 2011. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

### **B. Mahoning Area Consortium (MAC) Tech Prep**

The MAC Tech Prep works with eighteen area high schools and Youngstown State University to create seamless college prep career-technical education programs that begin in the junior year of high school and continue through an associate or bachelor's degree program. College Tech Prep programs stress mathematics, science, communications, and technology.

All of the consortium revenues are from state and federal grants. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President or designee of Youngstown State University and representatives of business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

### **C. Ohio Schools Council**

The Ohio Schools Council ("the Council") is a jointly governed organization among many school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information for the Council can be obtained by contacting the Executive Secretary of the Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

In fiscal year 2011, the District participated in the Council's electric energy program. This program allows school districts to purchase electricity at reduced rates. The participants make monthly payments based on estimated usage. At the end of the fiscal year, these estimated monthly payments are compared to their actual usage and any necessary adjustments are made.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility in any of these organizations.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 16 – Long-Term Obligations**

The changes in the School District's long-term obligations during the fiscal year ended June 30, 2011, were as follows:

	Principal Outstanding 6/30/10	Additions	Deductions	Principal Outstanding 6/30/11	Amounts due in One Year
<b><i>Certificates of Participation:</i></b>					
1/13/09 Certificates of Participation	\$310,000	\$0	(\$150,000)	\$160,000	\$160,000
10/15/09 Advance Refunding					
Certificates of Participation	16,035,000	0	(205,000)	15,830,000	205,000
Discount on Certificates of Participation	(51,727)	0	1,964	(49,763)	0
Deferred Amount on Refunding	(1,812,847)	0	68,842	(1,744,005)	0
Subtotal	14,170,426	0	(134,194)	14,036,232	205,000
<b><i>Total Certificates of Participation</i></b>	14,480,426	0	(284,194)	14,196,232	365,000
<b><i>Other Long-Term Obligations:</i></b>					
Compensated Absences	1,219,024	114,669	(66,722)	1,266,971	58,977
<b><i>Total Long-Term Obligations</i></b>	<b>\$15,699,450</b>	<b>\$114,669</b>	<b>(\$350,916)</b>	<b>\$15,463,203</b>	<b>\$423,977</b>

On October 15, 2009, the District issued Certificates of Participation of \$16,360,000 (par value) with interest rates ranging from 2.00% to 4.75% to advance refund all \$10,000,000 of the 11/13/08 Certificates of Participation with rates ranging from 3.375% to 6.25% and \$4,850,000 of the 1/13/09 Certificates of Participation with rates ranging from 3.75% to 6.75%. The term certificates mature 12/1/2036 and are callable 12/1/2017. The refunding certificates were issued at a discount of \$53,037 and, after paying issuance costs of \$348,221, the net proceeds were \$15,958,742. The net proceeds from the issuance of the certificates of participation were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the certificates are called on 12/1/2011. The advance refunding met the requirements of an in-substance debt defeasance and the Certificates of Participation were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$3,357,956, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,914,257.

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District.

Compensated absences will be paid from the general fund and the food service, adult education and vocational education special revenue funds.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

The School District's overall legal debt margin was \$323,666,156 with an unvoted debt margin of \$3,596,291 at June 30, 2011. Principal and interest requirements to retire the Certificates of Participation outstanding at June 30, 2011, are as follows:

Fiscal year Ending June 30,	1/13/2009 Certificate of Participation		10/15/09 Refunding Certificate of Participation	
	Principal	Interest	Principal	Interest
2012	\$160,000	\$5,600	\$205,000	\$640,638
2013	0	0	365,000	634,937
2014	0	0	400,000	626,287
2015	0	0	410,000	616,163
2016	0	0	415,000	604,813
2017-2021	0	0	2,430,000	2,804,637
2022-2026	0	0	2,980,000	2,273,588
2027-2031	0	0	3,390,000	1,630,225
2032-2036	0	0	4,235,000	757,981
2037	0	0	1,000,000	23,750
<b>Total</b>	<b>\$160,000</b>	<b>\$5,600</b>	<b>\$15,830,000</b>	<b>\$10,613,019</b>

**Note 17 - Contingencies**

A. Grants:

The School District receives 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation:

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2011.

**Note 18 – Public Entity Risk Pools**

A. Insurance Purchasing Pool

The School District participates in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program. Sheakley UniService, Inc. is the third party administrator for the program.



**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**B. Ohio School Plan**

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a ten member Board of directors consisting of school district superintendents and treasurers. Hylant Administrative Services, Inc. is the Administrator of the OSP and is responsible for processing claims.

**C. Shared Risk Pool**

The Mahoning County Insurance Consortium is a shared risk pool comprised of twelve Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

**Note 19 – Interfund Activity**

**Interfund Transfers**

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 to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2011 the General Fund transferred a total of \$57,126 to other non-major governmental funds. \$7,126 was transferred to the food service special revenue fund and \$50,000 was transferred to adult education special revenue fund, for these purposes.

**Interfund Advances**

During fiscal year 2011, the District did not make any inter-fund advances; therefore there is no "interfund receivable/payable" to record on the face of the financial statements.

**Note 20 – Set Asides**

The School District is required by State statute to annually set aside in the General Fund an amount based on 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2010	(\$9,684,241)	\$0
Current Year Set-Aside Requirement	104,538	104,538
Qualifying Disbursements	(537,872)	(413,129)
Total	(\$10,117,575)	(\$308,591)
Set-Aside Balance Carried Forward to Future Fiscal Years	(\$10,117,575)	\$0
Cash balance as of June 30, 2011	\$0	\$0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the amount to below zero for the textbook instructional material set-aside. This extra amount may be used to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduces the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years.

**Note 21 – New Accounting Standards**

In November of 2010, the GASB issued Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements.” The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, a type of public-private or public-public partnership. Statement No. 60 will not be effective for the District until fiscal year 2013 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November of 2010, the GASB also issued Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity by modifying the requirements for including component units and also amending the criteria for reporting component units. Statement No. 61 will not be effective for the District until fiscal year 2013 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Cash Receipts	Non Cash Receipts	Cash Disburse- ments	Non Cash Disburse- ments
<b>U.S. Department of Agriculture</b>						
<i>Passed through Ohio Department of Education</i>						
Child Nutrition Cluster:						
National School Lunch Program	10.555	051243-LLP4-2011	\$ 100,016	\$ 10,905	\$ 100,016	\$ 7,976
School Breakfast Program	10.553	051243-05PU-2011	<u>43,912</u>	<u>0</u>	<u>43,912</u>	<u>0</u>
Total Child Nutrition Cluster			<u>143,928</u>	<u>10,905</u>	<u>143,928</u>	<u>7,976</u>
Child Nutrition Discretionary Grants	10.579	-	<u>4,594</u>	<u>0</u>	<u>4,594</u>	<u>0</u>
<b>Total U.S. Department of Agriculture</b>			<u>148,522</u>	<u>10,905</u>	<u>148,522</u>	<u>7,976</u>
<b>U.S. Department of Education</b>						
<i>Direct Award</i>						
Student Financial Assistance Cluster:						
ARRA - Federal Pell Grant Program	84.063		55,548	0	55,548	0
Federal Direct Student Loans	84.268		<u>65,736</u>	<u>0</u>	<u>65,736</u>	<u>0</u>
Total Student Financial Assistance Cluster			<u>121,284</u>	<u>0</u>	<u>121,284</u>	<u>0</u>
<i>Passed through Ohio Department of Education</i>						
Improving Teacher Quality	84.367	051243-TRS1-2009	<u>3,407</u>	<u>0</u>	<u>3,407</u>	<u>0</u>
Vocational Education						
Basic Grants to States	84.048	051243-20C1-2009	<u>388,577</u>	<u>0</u>	<u>377,562</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>513,268</u>	<u>0</u>	<u>502,253</u>	<u>0</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 661,790</u>	<u>\$ 10,905</u>	<u>\$ 650,775</u>	<u>\$ 7,976</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Mahoning County Career and Technical Center and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**NOTE 2: NONCASH SUPPORT**

The District receives noncash support in the form of food subsidies from the National School Lunch Program (NSLP), CFDA #10.555. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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(216) 475 - 6136

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

Board of Education  
Mahoning County Career and Technical Center  
Canfield, Ohio

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Mahoning County Career and Technical Center, Mahoning County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Mahoning County Career and Technical Center, Ohio's basic financial statements and have issued our report thereon dated October 21, 2011, wherein we noted that the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Mahoning County Career and Technical Center, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mahoning County Career and Technical Center, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mahoning County Career and Technical Center, Ohio'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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we reported to the management of the Mahoning County Career and Technical Center, Ohio, in a separate letter dated October 21, 2011.

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



James G. Zupka, CPA, Inc.  
Certified Public Accountants

October 21, 2011

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Education  
Mahoning County Career and Technical Center  
Canfield, Ohio

**Compliance**

We have audited the Mahoning County Career and Technical Center, Mahoning County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Mahoning County Career and Technical Center, Ohio's major federal program for the year ended June 30, 2011. The Mahoning County Career and Technical Center, Ohio's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Mahoning County Career and Technical Center, Ohio's management. Our responsibility is to express an opinion on the Mahoning County Career and Technical Center, Ohio's compliance based on our audit.

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

In our opinion, the Mahoning County Career and Technical Center, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.


### **Internal Control Over Compliance**

Management of the Mahoning County Career and Technical Center, Ohio, 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 Mahoning County Career and Technical Center, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mahoning County Career and Technical Center, Ohio's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

  
James G. Zupka, CPA, Inc.  
Certified Public Accountant

October 21, 2011



**MAHONING COUNTY CAREER AND TECHNICAL CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 & §.505**  
**JUNE 30, 2011**

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

2011(i)	Type of Financial Statement Opinion	Unqualified
2011(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2011(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2011(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2011(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2011(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2011(v)	Type of Major Programs' Compliance Opinions	Unqualified
2011(vi)	Are there any reportable findings under .510?	No
2011(vii)	Major Programs (list):  Vocational Education - Basic Grants to States - CFDA #84.048	
2011(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 or more Type B: All others less than \$300,000
2011(ix)	Low Risk Auditee?	Yes

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

None.

**3.. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2011**

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The prior audit report, as of June 30, 2010, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Mahoning County Career and Technical Center  
7300 N. Palmyra Road  
Canfield, Ohio

To the Board of Education:


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

1. The Board amended the policy on October 19, 2010. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.666.

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 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.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

October 21, 2011

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# Dave Yost • Auditor of State

**MAHONING COUNTY CAREER AND TECHNICAL CENTER**

**MAHONING 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  
JANUARY 17, 2012**