

Columbiana County Career and  
Technical Center  
Columbiana County, Ohio

*Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2012





# Dave Yost • Auditor of State

Board of Education  
Columbiana County Career and Technical Center  
9364 State Route 45  
Lisbon, Ohio 44432

We have reviewed the *Independent Auditor's Report* of the Columbiana County Career and Technical Center, Columbiana County, prepared by Rea & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. 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 Columbiana 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 19, 2013

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

**JUNE 30, 2012**

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

**JUNE 30, 2012**

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December 13, 2012

The Board of Education  
Columbiana County Career and Technical Center  
9364 State Route 45  
Lisbon, Ohio 44432

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbiana County Career and Technical Center, Columbiana County, Ohio (the Center), as of and for the year ended June 30, 2012, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Center, as of June 30, 2012, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparisons for the general fund and the adult education fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 3 through 12 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 Center's basic financial statements. 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 Government, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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 basic 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 basic financial statements as a whole.

*Rea & Associates, Inc.*

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The management's discussion and analysis of the Columbiana County Career and Technical Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets of governmental activities increased \$1,169,263 which represents an 8.14% increase from 2011.
- General revenues accounted for \$5,855,525 in revenue or 72.24% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,250,445 or 27.76% of total revenues of \$8,105,970.
- The Center had \$6,936,707 in expenses related to governmental activities; \$2,250,445 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 \$5,855,525 were adequate to provide for these programs.
- The Center's major governmental funds are the general fund, adult education fund and permanent improvement fund. The general fund had \$6,628,395 in revenues and other financing sources and \$6,625,310 in expenditures and other financing uses. During fiscal year 2012, the general fund's fund balance increased \$3,085 from a balance of \$3,278,579 to \$3,281,664.
- The adult education fund had \$1,429,442 in revenues and other financing sources and \$1,283,847 in expenditures. During fiscal year 2012, the adult education fund's fund balance increased \$145,595 from \$502,238 to \$647,833.
- The permanent improvement fund had \$1,838,684 in revenues and other financing sources and \$2,164,013 in expenditures. During fiscal year 2012, the permanent improvement fund's fund balance decreased \$325,329 from \$2,720,623 to \$2,395,294.

**Using these Basic Financial Statements**

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Center, the general fund, adult education fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Reporting the Center as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the Governmental Activities include the Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The Center's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

*Fund Financial Statements*

The analysis of the Center's major governmental funds begins on page 9. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the general fund, adult education fund and permanent improvement fund.

*Governmental Funds*

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

*Proprietary Funds*

The Center maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center's internal service fund accounts for medical/surgical and dental self-insurance benefits. The basic proprietary fund financial statements can be found on pages 21-22 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Reporting the Center's Fiduciary Responsibilities***

The Center acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the Center's fiduciary activities are reported in a separate statement of fiduciary net assets on page 23. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-50 of this report.

**The Center as a Whole**

Recall that the statement of net assets provides the perspective of the Center as a whole.

The table below provides a summary of the Center's net assets at June 30, 2012 and June 30, 2011.

	<b>Net Assets</b>	
	Governmental Activities <u>June 30, 2012</u>	Governmental Activities <u>June 30, 2011</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 8,757,925	\$ 10,009,514
Capital assets, net	<u>9,210,219</u>	<u>7,014,305</u>
Total assets	<u>17,968,144</u>	<u>17,023,819</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,206,722	2,392,399
Long-term liabilities	<u>222,084</u>	<u>261,345</u>
Total liabilities	<u>2,428,806</u>	<u>2,653,744</u>
<b><u>Net Assets</u></b>		
Invested in capital assets	9,210,219	7,014,305
Restricted	3,070,071	3,350,317
Unrestricted	<u>3,259,048</u>	<u>4,005,453</u>
Total net assets	<u>\$ 15,539,338</u>	<u>\$ 14,370,075</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the Center's assets exceeded liabilities by \$15,539,338. Of this total, \$3,259,048 is unrestricted in use. Capital assets increased by \$2,195,914 in 2012, primarily due to the completion of the new Health Academy and construction of the new Welding Lab starting. Current assets decreased by \$1,251,589, primarily due to decreasing cash balances as the center paid for construction costs of the Health Academy and Welding Lab.

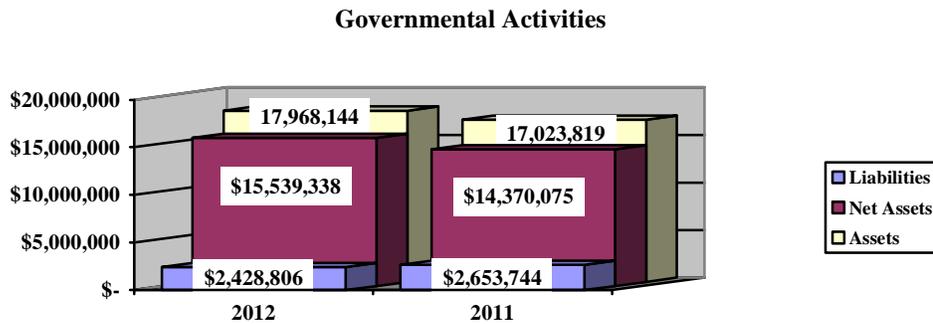
**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

At year-end, capital assets represented 51.26% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The Center had \$9,210,219 invested in capital assets at June 30, 2012. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the Center's net assets, \$3,070,071, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$3,259,048 may be used to meet the Center's ongoing obligations to the students and creditors.

The graph below illustrates the governmental activities assets, liabilities and net assets at June 30, 2012 and June 30, 2011:



The table below shows the change in net assets for fiscal years 2012 and 2011.

**Change in Net Assets**

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,243,998	\$ 1,233,692
Operating grants and contributions	993,447	1,044,771
Capital grants and contributions	13,000	-
General revenues:		
Property taxes	1,942,682	1,792,841
Grants and entitlements	3,833,575	3,975,169
Investment earnings	36,812	66,198
Other	<u>42,456</u>	<u>5,296</u>
Total revenues	<u>8,105,970</u>	<u>8,117,967</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Change in Net Assets**

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 589,940	\$ 552,150
Special	174,908	186,638
Vocational	2,061,500	2,678,939
Adult/Continuing	883,246	134,360
Support services:		
Pupil	415,681	296,504
Instructional staff	502,726	422,228
Board of education	27,543	26,672
Administration	919,093	1,024,983
Fiscal	343,691	344,004
Operations and maintenance	738,221	776,019
Central	22,548	13,250
Operations of non-instructional services:		
Food service operations	226,044	213,184
Extracurricular activities	<u>31,566</u>	<u>26,988</u>
Total expenses	<u>6,936,707</u>	<u>6,695,919</u>
Change in net assets	1,169,263	1,422,048
Net assets at beginning of year	<u>14,370,075</u>	<u>12,948,027</u>
Net assets at end of year	<u>\$ 15,539,338</u>	<u>\$ 14,370,075</u>

**Governmental Activities**

Net assets of the Center's governmental activities increased \$1,169,263. Total governmental expenses of \$6,936,707, were offset by program revenues of \$2,250,445 and general revenues of \$5,855,525. Program revenues supported 32.44% of the total governmental expenses.

There were no significant changes in total expenditures from 2011 to 2012. However, during 2012 there were many vocational function expenses that were reviewed and determined to be better allocated to the adult/continuing function. The majority of these expenses were related to the adult education program.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 71.26% of total governmental revenue.

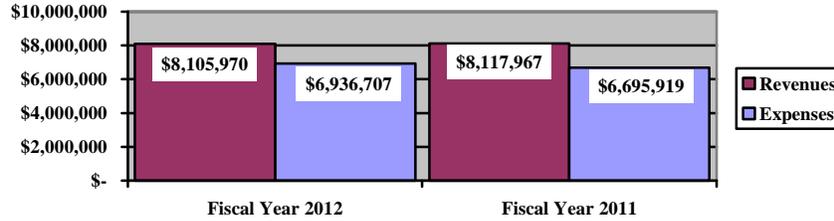
The largest expense of the Center is for instructional programs. Instruction expenses totaled \$3,709,594 or 53.48% of total governmental expenses for fiscal year 2012.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The graph below presents the Center's governmental activities revenue and expenses for fiscal years 2012 and 2011.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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.

**Governmental Activities**

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 589,940	\$ 541,336	\$ 552,150	\$ 495,574
Special	174,908	174,908	186,638	186,638
Vocational	2,061,500	1,864,908	2,678,939	1,264,220
Adult/Continuing	883,246	(255,305)	134,360	588
Support services:				
Pupil	415,681	224,865	296,504	171,667
Instructional staff	502,726	302,009	422,228	326,299
Board of education	27,543	27,543	26,672	26,672
Administration	919,093	745,898	1,024,983	812,145
Fiscal	343,691	281,193	344,004	277,068
Operations and maintenance	738,221	676,268	776,019	767,548
Central	22,548	20,748	13,250	5,975
Operations of non-instructional services:				
Food service operations	226,044	50,325	213,184	56,074
Extracurricular activities	<u>31,566</u>	<u>31,566</u>	<u>26,988</u>	<u>26,988</u>
Total expenses	<u>\$ 6,936,707</u>	<u>\$ 4,686,262</u>	<u>\$ 6,695,919</u>	<u>\$ 4,417,456</u>

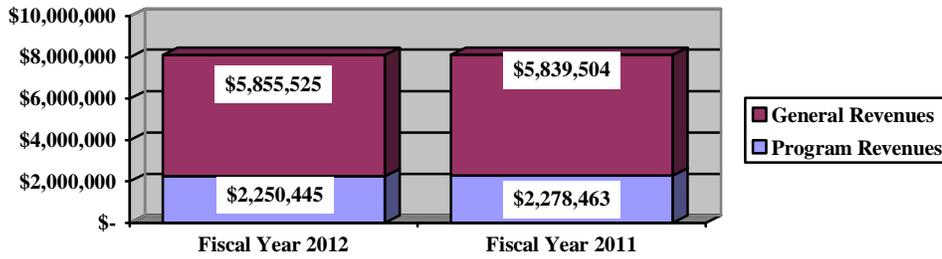
The dependence upon tax and other general revenues for governmental activities is apparent; 62.70% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 67.56%. The Center's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for the Career Center's students.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The graph below presents the Center's governmental activities revenue for fiscal years 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The Career Center's Funds**

The Center's governmental funds reported a combined fund balance of \$6,360,697, which is less than last year's total of \$6,537,458. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and June 30, 2011.

	<u>Fund Balance June 30, 2012</u>	<u>Fund Balance June 30, 2011</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
General	\$ 3,281,664	\$ 3,278,579	\$ 3,085	0.09 %
Adult Education	647,833	502,238	145,595	28.99 %
Permanent Improvement	2,395,294	2,720,623	(325,329)	(11.96) %
Other Governmental	<u>35,906</u>	<u>36,018</u>	<u>(112)</u>	(0.31) %
Total	<u>\$ 6,360,697</u>	<u>\$ 6,537,458</u>	<u>\$ (176,761)</u>	(2.70) %

**General Fund**

The Center's general fund balance increased \$3,085.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2012 <u>Amount</u>	2011 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 1,935,322	\$ 1,796,636	\$ 138,686	7.72 %
Tuition	154,811	247,947	(93,136)	(37.56) %
Intergovernmental	3,833,575	3,975,169	(141,594)	(3.56) %
Classroom materials and fees	47,097	55,114	(8,017)	(14.55) %
Other revenues	<u>76,310</u>	<u>69,203</u>	<u>7,107</u>	10.27 %
<b>Total</b>	<b><u>\$ 6,047,115</u></b>	<b><u>\$ 6,144,069</u></b>	<b><u>\$ (96,954)</u></b>	<b>(1.58) %</b>
<b><u>Expenditures</u></b>				
Instruction	\$ 2,521,491	\$ 2,702,453	\$ (180,962)	(6.70) %
Support services	2,229,011	2,562,504	(333,493)	(13.01) %
Extracurricular activities	31,566	26,988	4,578	16.96 %
Facilities acquisition and construction	<u>143,242</u>	<u>117,249</u>	<u>25,993</u>	22.17 %
<b>Total</b>	<b><u>\$ 4,925,310</u></b>	<b><u>\$ 5,409,194</u></b>	<b><u>\$ (483,884)</u></b>	<b>(8.95) %</b>

Overall revenues of the general fund decreased \$96,954 or 1.58%. The most significant decrease of \$141,594 was in the area of intergovernmental revenue. This decrease is primarily the result of a decrease in State foundation revenues recorded in the general fund.

During fiscal year 2012, the Center attempted to remain fiscally responsible by closely monitoring cash outflows. The largest decrease in support services of \$333,493 or 13.01% was due to a decrease in open enrollment.

***Adult Education Fund***

The adult education fund had \$1,429,442 in revenues and other financing sources and \$1,283,847 in expenditures. During fiscal year 2012, the adult education fund's fund balance increased \$145,595 from \$502,238 to \$647,833.

***Permanent Improvement Fund***

The permanent improvement fund had \$1,838,684 in revenues and other financing sources and \$2,164,013 in expenditures. During fiscal year 2012, the permanent improvement fund's fund balance decreased \$325,329 from \$2,720,623 to \$2,395,294.

***General Fund Budgeting Highlights***

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

During the course of fiscal year 2012, the Center amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$5,996,304 and final budgeted revenues and other financing sources were \$6,560,006. Actual revenues and other financing sources for fiscal year 2012 were \$6,639,441. This represents a \$79,435 increase from final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) of \$6,244,867 were less than final appropriated budget of \$7,190,968. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$6,895,310, which was \$295,658 less than the final budget appropriations.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2012, the Center had \$9,210,219 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2012 balances compared to June 30, 2011:

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

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 152,290	\$ 152,290
Construction in progress	857,499	117,249
Land improvements	30,454	33,386
Building and improvements	7,028,143	5,717,409
Furniture and equipment	1,105,359	965,588
Vehicles	<u>36,474</u>	<u>28,383</u>
Total	<u>\$ 9,210,219</u>	<u>\$ 7,014,305</u>

The overall increase in capital assets of \$2,195,914 is due to capital outlays of \$2,659,429 exceeding depreciation expense of \$463,515 in fiscal year 2012.

See Note 8 to the basic financial statements for additional information on the Center's capital assets.

*Debt Administration*

At June 30, 2012, the Center had no debt outstanding.

**Current Financial Related Activities**

The Center is engaged in a comprehensive plan to upgrade and improve the facility. Transfers from the General fund to the Permanent Improvement fund will primarily fund each phase of the plan. Updated lab equipment will be purchased with grant funding.

In fiscal year 2012, the first phase was completed for a total cost of \$1,574,175. This phase included relocating and expanding the Health Academy to better serve the Center's high school and adult students. Also, a new boiler, chiller plant, and energy efficient lighting fixtures were installed.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The second phase commenced in fiscal year 2012 and will be completed in fiscal year 2013. This phase includes an expansion and complete upgrade of the welding and metal fabrication lab. The expanded facility will allow for the addition of auto cad, a full inspection lab, and a pilot "Materials Joining" program with Ohio State University. Lab equipment will also be updated to industry standards. The lab is scheduled to be completed in September 2012 for a projected cost of \$1,778,341.

**Contacting the Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Katherine Bosco, Treasurer, Columbiana County Career and Technical Center, 9364 State Route 45, Lisbon, Ohio 44432.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 6,707,648
Receivables:	
Taxes . . . . .	1,956,742
Accounts. . . . .	8,352
Intergovernmental . . . . .	81,503
Materials and supplies inventory. . . . .	3,680
Capital assets:	
Land and construction in progress. . . . .	1,009,789
Depreciable capital assets, net. . . . .	8,200,430
Capital assets, net. . . . .	9,210,219
 Total assets. . . . .	 17,968,144
<b>Liabilities:</b>	
Accounts payable. . . . .	13,810
Contracts payable. . . . .	102,464
Accrued wages and benefits . . . . .	308,208
Pension obligation payable. . . . .	41,569
Intergovernmental payable . . . . .	18,477
Unearned revenue . . . . .	1,722,194
Long-term liabilities:	
Due within one year. . . . .	45,857
Due in more than one year. . . . .	176,227
 Total liabilities . . . . .	 2,428,806
<b>Net Assets:</b>	
Invested in capital assets . . . . .	9,210,219
Restricted for:	
Capital projects . . . . .	2,395,294
State funded programs. . . . .	26
Other purposes . . . . .	674,751
Unrestricted . . . . .	3,259,048
 Total net assets . . . . .	 \$ 15,539,338

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 589,940	\$ 48,604	\$ -	\$ -	\$ (541,336)
Special . . . . .	174,908	-	-	-	(174,908)
Vocational . . . . .	2,061,500	15,593	167,999	13,000	(1,864,908)
Adult/Continuing . . . . .	883,246	806,733	331,818	-	255,305
Support services:					
Pupil . . . . .	415,681	65,113	125,703	-	(224,865)
Instructional staff . . . . .	502,726	11,947	188,770	-	(302,009)
Board of education . . . . .	27,543	-	-	-	(27,543)
Administration . . . . .	919,093	138,485	34,710	-	(745,898)
Fiscal . . . . .	343,691	50,232	12,266	-	(281,193)
Operations and maintenance . . . . .	738,221	44,100	17,853	-	(676,268)
Central . . . . .	22,548	-	1,800	-	(20,748)
Operation of non-instructional services:					
Food service operations . . . . .	226,044	63,191	112,528	-	(50,325)
Extracurricular activities . . . . .	31,566	-	-	-	(31,566)
<b>Total governmental activities . . . . .</b>	<b>\$ 6,936,707</b>	<b>\$ 1,243,998</b>	<b>\$ 993,447</b>	<b>\$ 13,000</b>	<b>(4,686,262)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					1,942,682
Grants and entitlements not restricted to specific programs . . . . .					3,833,575
Investment earnings . . . . .					36,812
Miscellaneous . . . . .					42,456
Total general revenues . . . . .					5,855,525
Change in net assets . . . . .					1,169,263
<b>Net assets at beginning of year . . . . .</b>					14,370,075
<b>Net assets at end of year . . . . .</b>					<b>\$ 15,539,338</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and investments. . . . .	\$ 3,484,445	\$ 678,231	\$ 2,497,758	\$ 47,214	\$ 6,707,648
Receivables:					
Taxes . . . . .	1,956,742	-	-	-	1,956,742
Accounts . . . . .	4,844	3,508	-	-	8,352
Interfund loans . . . . .	40,236	-	-	-	40,236
Intergovernmental. . . . .	36,034	3,938	-	41,531	81,503
Materials and supplies inventory. . . . .	-	-	-	3,680	3,680
Total assets . . . . .	<u>\$ 5,522,301</u>	<u>\$ 685,677</u>	<u>\$ 2,497,758</u>	<u>\$ 92,425</u>	<u>\$ 8,798,161</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 8,352	\$ 2,118	\$ -	\$ 3,340	\$ 13,810
Contracts payable. . . . .	-	-	102,464	-	102,464
Accrued wages and benefits. . . . .	279,964	18,490	-	9,754	308,208
Interfund loans payable. . . . .	-	-	-	40,236	40,236
Intergovernmental payable . . . . .	14,992	2,347	-	1,138	18,477
Deferred revenue . . . . .	190,506	-	-	-	190,506
Unearned revenue. . . . .	1,709,158	13,036	-	-	1,722,194
Pension obligation payable . . . . .	37,665	1,853	-	2,051	41,569
Total liabilities. . . . .	<u>2,240,637</u>	<u>37,844</u>	<u>102,464</u>	<u>56,519</u>	<u>2,437,464</u>
<b>Fund Balances:</b>					
Nonspendable:					
Materials and supplies inventory. . . . .	-	-	-	3,680	3,680
Restricted:					
Adult education . . . . .	-	647,833	-	-	647,833
Food service operations . . . . .	-	-	-	41,742	41,742
Other purposes. . . . .	-	-	-	26	26
Committed:					
Capital improvements . . . . .	-	-	2,395,294	-	2,395,294
Assigned:					
Student instruction . . . . .	54,911	-	-	-	54,911
Student and staff support. . . . .	44,558	-	-	-	44,558
Facilities acquisition and construction . . . . .	29,589	-	-	-	29,589
Subsequent year appropriation . . . . .	259,651	-	-	-	259,651
Other purposes. . . . .	40,466	-	-	-	40,466
Unassigned (deficit). . . . .	2,852,489	-	-	(9,542)	2,842,947
Total fund balances . . . . .	<u>3,281,664</u>	<u>647,833</u>	<u>2,395,294</u>	<u>35,906</u>	<u>6,360,697</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,522,301</u>	<u>\$ 685,677</u>	<u>\$ 2,497,758</u>	<u>\$ 92,425</u>	<u>\$ 8,798,161</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

<b>Total governmental fund balances</b>	\$ 6,360,697
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,210,219
Other long-term assets, such as taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	190,506
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(222,084)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 15,539,338</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 1,935,322	\$ -	\$ -	\$ -	\$ 1,935,322
Tuition . . . . .	154,811	1,096,521	-	-	1,251,332
Charges for services . . . . .	-	-	-	63,038	63,038
Earnings on investments . . . . .	-	-	24,954	153	25,107
Extracurricular . . . . .	1,507	-	-	-	1,507
Classroom materials and fees . . . . .	47,097	-	-	-	47,097
Rentals . . . . .	18,484	-	-	-	18,484
Contract services . . . . .	15,593	-	-	-	15,593
Other local revenues . . . . .	40,726	3,752	118,730	1,605	164,813
Intergovernmental - intermediate . . . . .	-	79,930	-	-	79,930
Intergovernmental - state . . . . .	3,798,080	180,630	-	32,729	4,011,439
Intergovernmental - federal . . . . .	35,495	-	-	541,595	577,090
<b>Total revenues . . . . .</b>	<b>6,047,115</b>	<b>1,360,833</b>	<b>143,684</b>	<b>639,120</b>	<b>8,190,752</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	539,383	-	-	-	539,383
Special . . . . .	165,818	-	-	-	165,818
Vocational . . . . .	1,816,290	-	-	13,234	1,829,524
Adult/Continuing . . . . .	-	941,305	-	138,668	1,079,973
Support services:					
Pupil . . . . .	197,995	76,027	-	110,654	384,676
Instructional staff . . . . .	276,052	14,645	-	186,120	476,817
Board of education . . . . .	27,543	-	-	-	27,543
Administration . . . . .	733,442	162,381	-	1,279	897,102
Fiscal . . . . .	272,801	59,579	-	-	332,380
Operations and maintenance . . . . .	709,112	29,910	-	11,787	750,809
Central . . . . .	12,066	-	-	8,250	20,316
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	174,351	174,351
Extracurricular activities . . . . .	31,566	-	-	-	31,566
Facilities acquisition and construction . . . . .	143,242	-	2,164,013	-	2,307,255
<b>Total expenditures . . . . .</b>	<b>4,925,310</b>	<b>1,283,847</b>	<b>2,164,013</b>	<b>644,343</b>	<b>9,017,513</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,121,805	76,986	(2,020,329)	(5,223)	(826,761)
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	581,280	68,609	1,695,000	5,111	2,350,000
Transfers (out) . . . . .	(1,700,000)	-	-	-	(1,700,000)
<b>Total other financing sources (uses) . . . . .</b>	<b>(1,118,720)</b>	<b>68,609</b>	<b>1,695,000</b>	<b>5,111</b>	<b>650,000</b>
Net change in fund balances . . . . .	3,085	145,595	(325,329)	(112)	(176,761)
<b>Fund balances at beginning of year . . . . .</b>	<b>3,278,579</b>	<b>502,238</b>	<b>2,720,623</b>	<b>36,018</b>	<b>6,537,458</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 3,281,664</b>	<b>\$ 647,833</b>	<b>\$ 2,395,294</b>	<b>\$ 35,906</b>	<b>\$ 6,360,697</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA 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, 2012

**Net change in fund balances - total governmental funds** \$ (176,761)

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

Governmental funds report capital outlays as expenditures.

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

Capital asset additions	\$	2,646,429	
Current year depreciation		<u>(463,515)</u>	
 Total			 2,182,914

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and donations) is to increase net assets. 13,000

Revenues in the statement of activities, such as delinquent taxes that do not provide current financial resources are not reported as revenues in the funds. (109,640)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. 18,376

Internal service fund for self-insurance is not reported in the expenditures and related internal service fund revenues are eliminated. The net expense of the internal service fund is allocated among the governmental activities. (758,626)

**Change in net assets of governmental activities** \$ 1,169,263

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,589,603	\$ 1,925,717	\$ 1,925,718	\$ 1
Tuition . . . . .	126,683	153,469	154,811	1,342
Rental income . . . . .	11,259	13,640	13,640	-
Contract services . . . . .	12,871	15,593	15,593	-
Other local revenues . . . . .	3,176	3,848	3,984	136
Intergovernmental - state . . . . .	3,135,162	3,798,078	3,798,080	2
Intergovernmental - federal . . . . .	29,300	35,495	35,495	-
<b>Total revenues . . . . .</b>	<b><u>4,908,054</u></b>	<b><u>5,945,840</u></b>	<b><u>5,947,321</u></b>	<b><u>1,481</u></b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	503,466	579,741	566,366	13,375
Special . . . . .	162,360	186,958	188,611	(1,653)
Vocational . . . . .	1,647,797	1,897,440	1,843,296	54,144
Support services:				
Pupil . . . . .	178,092	205,073	194,234	10,839
Instructional staff . . . . .	245,182	282,327	276,859	5,468
Board of education . . . . .	52,569	60,533	26,832	33,701
Administration . . . . .	731,208	841,986	754,305	87,681
Fiscal . . . . .	251,546	289,655	281,617	8,038
Operations and maintenance . . . . .	771,533	888,421	730,738	157,683
Central . . . . .	19,019	21,900	11,532	10,368
Extracurricular activities . . . . .	31,453	36,218	29,785	6,433
Facilities acquisition and construction . . . . .	174,207	200,600	172,830	27,770
<b>Total expenditures . . . . .</b>	<b><u>4,768,432</u></b>	<b><u>5,490,852</u></b>	<b><u>5,077,005</u></b>	<b><u>413,847</u></b>
Excess of revenues over expenditures . . . . .	<u>139,622</u>	<u>454,988</u>	<u>870,316</u>	<u>415,328</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	19,804	23,991	23,991	-
Refund of prior year's receipts . . . . .	(101)	(116)	(115)	1
Transfers in . . . . .	1,061,104	581,280	581,280	-
Transfers (out) . . . . .	(1,476,334)	(1,700,000)	(1,700,000)	-
Advances in . . . . .	-	-	77,954	77,954
Advances (out) . . . . .	-	-	(118,190)	(118,190)
Sale of capital assets . . . . .	7,342	8,895	8,895	-
<b>Total other financing sources (uses) . . . . .</b>	<b><u>(388,185)</u></b>	<b><u>(1,085,950)</u></b>	<b><u>(1,126,185)</u></b>	<b><u>(40,235)</u></b>
Net change in fund balance . . . . .	(248,563)	(630,962)	(255,869)	375,093
<b>Fund balances at beginning of year . . . . .</b>	<b>3,516,458</b>	<b>3,516,458</b>	<b>3,516,458</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>44,866</b>	<b>44,866</b>	<b>44,866</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 3,312,761</u></b>	<b><u>\$ 2,930,362</u></b>	<b><u>\$ 3,305,455</u></b>	<b><u>\$ 375,093</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ADULT EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Tuition . . . . .	\$ 817,210	\$ 1,118,515	\$ 1,120,895	\$ 2,380
Other local revenues . . . . .	2,702	3,698	3,706	8
Intergovernmental - intermediate . . . . .	58,274	79,760	79,930	170
Intergovernmental - state . . . . .	137,116	187,671	188,071	400
Total revenue . . . . .	<u>1,015,302</u>	<u>1,389,644</u>	<u>1,392,602</u>	<u>2,958</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Adult/continuing . . . . .	1,004,614	1,389,025	1,136,239	252,786
Support Services:				
Pupil . . . . .	66,106	91,402	74,768	16,634
Instructional staff . . . . .	9,585	13,253	10,841	2,412
Administration . . . . .	146,485	202,538	165,679	36,859
Fiscal . . . . .	53,358	73,776	60,350	13,426
Operations and maintenance . . . . .	26,445	36,564	29,910	6,654
Total expenditures . . . . .	<u>1,306,593</u>	<u>1,806,558</u>	<u>1,477,787</u>	<u>328,771</u>
Excess of expenditures over revenues . . . . .	<u>(291,291)</u>	<u>(416,914)</u>	<u>(85,185)</u>	<u>331,729</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	16	22	22	-
Refund of prior year's receipts . . . . .	(88)	(122)	(100)	22
Transfers in . . . . .	50,020	68,463	68,609	146
Total other financing sources (uses) . . . . .	<u>49,948</u>	<u>68,363</u>	<u>68,531</u>	<u>168</u>
Net change in fund balance . . . . .	(241,343)	(348,551)	(16,654)	331,897
<b>Fund balance at beginning of year . . . . .</b>	496,233	496,233	496,233	-
<b>Prior year encumbrances appropriated . . . . .</b>	6,680	6,680	6,680	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 261,570</u>	<u>\$ 154,362</u>	<u>\$ 486,259</u>	<u>\$ 331,897</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating expenses:</b>	
Purchased services. . . . .	\$ 120,671
Total operating expenses. . . . .	<u>120,671</u>
Operating loss . . . . .	(120,671)
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>12,045</u>
Total nonoperating revenues. . . . .	<u>12,045</u>
Loss before transfers. . . . .	(108,626)
Transfer out . . . . .	<u>(650,000)</u>
Change in net assets. . . . .	(758,626)
<b>Net assets at beginning of year . . . . .</b>	<u>758,626</u>
<b>Net assets at end of year. . . . .</b>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash payments for purchased services . . . . .	\$ (120,671)
Cash payments for claims . . . . .	<u>(116,965)</u>
Net cash used in operating activities . . . . .	<u>(237,636)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash used in transfers out . . . . .	<u>(650,000)</u>
Net cash used in noncapital financing activities . . . . .	<u>(650,000)</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>12,045</u>
Net cash provided by investing activities . . . . .	<u>12,045</u>
Net decrease in cash and investments	(875,591)
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>875,591</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ -</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (120,671)
Changes in assets and liabilities:	
Decrease in claims payable . . . . .	<u>(116,965)</u>
Net cash used in operating activities . . . . .	<u>\$ (237,636)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2012

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and investments . . .	\$ 18,279
Total assets . . . . .	<u>\$ 18,279</u>
<b>Liabilities:</b>	
Due to students. . . . .	\$ 18,279
Total liabilities. . . . .	<u>\$ 18,279</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1 - DESCRIPTION OF THE CENTER**

The Columbiana County Career and Technical Center (the "Center") is organized under section 3311.88 of the Ohio Revised Code. The Center provides vocational education for 9 school districts serving all eligible students throughout 501 square miles of eastern Ohio, including Columbiana and portions of Mahoning and Jefferson counties. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interests of students. The Center is staffed by 67 certified employees and 24 non-certified employees to provide service to approximately 636 students.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The Center's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations, food service and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's Governing Board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the Center:

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a jointly governed organization among 23 school districts, 2 career and technical centers, 1 community school and 2 educational service centers. ACCESS was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the Center does not have any equity interest in ACCESS. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 104, Youngstown, Ohio 44512-7019.

*INSURANCE PURCHASING POOLS*

Stark County Schools Council of Governments

The Stark County Schools Council of Governments Health Benefit Plan is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. 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 on the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

The Center 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*GOVERNMENTAL FUNDS*

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

The following are the Center's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Adult education fund - The adult education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries and textbooks.

Permanent improvement fund - The permanent improvement fund is used to account for all transactions related to acquiring, construction or improving projects that are approved by Section 5705, Ohio Revised Code.

Other governmental funds of the Center are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*PROPRIETARY FUND*

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector. The Center has no enterprise funds. The following is a description of the Center's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Center, or to other governments, on a cost-reimbursement basis. The only internal service fund of the Center accounts for a self-insurance program which provides medical/surgical and dental benefits to employees. The Center ceased being self-insured in fiscal year 2012. The activity of the internal service fund consisted of the payment of previously incurred and accrued claims and a residual equity transfer out to the general fund, food service fund (a nonmajor governmental fund) and the adult education fund. The payment of the residual claims is reported on the statement of cash flows and the residual equity transfer is reported on the statement of revenues, expenses and changes in net assets and on the statement of cash flows.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency fund accounts for student activities and Center agency services.

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Center. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Center.

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

Fund Financial Statements - Fund financial statements report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Center's internal service fund is charges for sales and services. Operating expenses for internal service funds include the claims and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the Center 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 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The Center is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2012 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate of estimated resources when the original and final appropriations were adopted.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2012; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

Although the legal level of budgetary control was established at the fund level of expenditures, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the Center Treasurer.

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the Center is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2012, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), non-negotiable certificates of deposit and a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and non negotiable certificates of deposit are reported at cost.

The Center has invested funds in STAR Ohio during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the permanent improvement capital projects fund. Interest revenue credited to the permanent improvement fund during fiscal year 2012 amounted to \$24,954, which includes \$15,387 assigned from other Center funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Center's investment account at fiscal year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a non spendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of \$5,000. 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. The Center does not possess infrastructure.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Description	Governmental Activities Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

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

**J. Compensated Absences**

Compensated absences of the Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

The Center records a liability for accumulated unused sick leave for employees after 20 years of current service with the Center, or after 15 years of service and at least 45 years of age or after 10 years of service and at least 50 years old.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund 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, 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 year.

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Center 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 classification includes amounts that cannot be spent because they are not in spendable form or legally 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.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*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 (the highest level of decision making authority). 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 nor 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 policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The Center applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**N. Operating Revenues and Expenses**

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

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**P. Estimates**

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

**Q. 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 and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the Center has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the Center.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the Center.

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Adult basic education	\$ 3,230
Race to the top	3
Vocational education	6,309

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies 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 and 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;
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 items (1) and (2) above 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 purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the Center had \$900 in undeposited cash on hand which is included on the financial statements of the Center as part of "equity in pooled cash and investments".

**B. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all Center deposits was \$4,555,048, exclusive of the \$2,053,764 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$4,750,000 of the Center's bank balance of \$5,047,000 was exposed to custodial risk as discussed below, while \$297,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in 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 Center. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2012, the Center had the following investments and maturities:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
Repurchase agreement	\$ 2,053,764	\$ 2,053,764
STAR Ohio	116,215	116,215
Total	<u>\$ 2,169,979</u>	<u>\$ 2,169,979</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Center's investment policy limits investment portfolio maturities to five years or less.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Center's \$2,053,764 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the Center. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Credit Risk:* The federal agency securities that underlie the Center's repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center's investment policy does not specifically address credit risk beyond requiring the Center to only invest in securities authorized by State statute.

*Concentration of Credit Risk:* The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2012:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>% or Total</u>
Repurchase agreement	\$ 2,053,764	94.64
STAR Ohio	<u>116,215</u>	<u>5.36</u>
Total	<u>\$ 2,169,979</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carry amount of deposits	\$ 4,555,048
Investments	2,169,979
Cash on hand	<u>900</u>
Total	<u>\$ 6,725,927</u>
<u>Cash and investments per note</u>	
Governmental activities	\$ 6,707,648
Agency funds	<u>18,279</u>
Total	<u>\$ 6,725,927</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2012 as reported on the fund statements consist of the following individual interfund loans receivable and payable.

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 40,236

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore no internal balances at June 30, 2012 are reported on the statement of net assets.

- B. Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Permanent improvement fund	\$ 1,695,000
Nonmajor governmental funds	<u>5,000</u>
Total	<u>\$ 1,700,000</u>
 <u>Transfers from internal service fund to:</u>	 <u>Amount</u>
General fund	\$ 581,280
Nonmajor governmental funds	111
Adult education fund	<u>68,609</u>
Total	<u>\$ 650,000</u>

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. All interfund balances are expected to be repaid within one year. The \$650,000 transfer from the internal service fund to the general fund, food service fund (a nonmajor governmental fund), and adult education fund was a residual equity transfer. Effective July 1, 2011, the District joined the Stark County Schools Council of Governments and was no longer self-insured.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16

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**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Center receives property taxes from Columbiana, Jefferson and Mahoning Counties. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$57,078 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$48,132 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 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 unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 952,237,070	94.49	\$ 950,905,620	94.34
Public utility personal	<u>55,489,750</u>	<u>5.51</u>	<u>57,088,760</u>	<u>5.66</u>
Total	<u>\$ 1,007,726,820</u>	<u>100.00</u>	<u>\$ 1,007,994,380</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes and accounts (billings for user charged services and student fees). 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. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 1,956,742
Accounts	8,352
Intergovernmental	<u>81,503</u>
Total	<u>\$ 2,046,597</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance <u>06/30/11</u>	Additions	Deductions	Balance <u>06/30/12</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 152,290	\$ -	\$ -	\$ 152,290
Construction in progress	<u>117,249</u>	<u>857,499</u>	<u>(117,249)</u>	<u>857,499</u>
Total capital assets, not being depreciated	<u>269,539</u>	<u>857,499</u>	<u>(117,249)</u>	<u>1,009,789</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	283,592	-	-	283,592
Buildings and improvements	8,108,658	1,585,972	-	9,694,630
Furniture and equipment	2,411,929	320,207	(4,724)	2,727,412
Vehicles	<u>142,137</u>	<u>13,000</u>	<u>-</u>	<u>155,137</u>
Total capital assets, being depreciated	<u>10,946,316</u>	<u>1,919,179</u>	<u>(4,724)</u>	<u>12,860,771</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(250,206)	(2,932)	-	(253,138)
Buildings and improvements	(2,391,249)	(275,238)	-	(2,666,487)
Furniture and equipment	(1,446,341)	(180,436)	4,724	(1,622,053)
Vehicles	<u>(113,754)</u>	<u>(4,909)</u>	<u>-</u>	<u>(118,663)</u>
Total accumulated depreciation	<u>(4,201,550)</u>	<u>(463,515)</u>	<u>4,724</u>	<u>(4,660,341)</u>
Governmental activities capital assets, net	<u>\$ 7,014,305</u>	<u>\$ 2,313,163</u>	<u>\$ (117,249)</u>	<u>\$ 9,210,219</u>

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**NOTE 8 - CAPITAL ASSETS – (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 27,059
Vocational	306,879
Adult/continuing	10,725
<u>Support services:</u>	
Pupil	5,040
Instructional staff	23,758
Administration	14,980
Fiscal	3,992
Operations and maintenance	17,168
Central	2,232
Food service operations	<u>51,682</u>
Total depreciation expense	<u>\$ 463,515</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2012, the following activity occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	Outstanding			Outstanding	Due in
	<u>06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/12</u>	<u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	<u>\$ 261,345</u>	<u>\$ 45,857</u>	<u>\$ (85,118)</u>	<u>\$ 222,084</u>	<u>\$ 45,857</u>
Total long-term obligations, governmental activities	<u>\$ 261,345</u>	<u>\$ 45,857</u>	<u>\$ (85,118)</u>	<u>\$ 222,084</u>	<u>\$ 45,857</u>

Compensated absences will be paid from the fund which the employee is paid, which for the Center are primarily the general fund, adult education fund and the food service fund (a nonmajor governmental fund).

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Center. The assessed valuation used in determining the Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$90,719,494 and an unvoted debt margin of \$1,007,994.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 312 days for administrators, 188 days for classified and 274 for certified personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave to a maximum of 78 days for administrators, 47 days for classified employees and 68 days for certified employees.

**B. Life Insurance**

The Center provides life insurance and accidental death and dismemberment insurance to most employees through Safeco Life Insurance Company.

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the Center's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents - replacement cost	\$ 1,000	\$21,090,002
Boiler	1,000	21,090,002
EDP Coverage	500	394,200
Garagekeepers	500	120,000
Automobile Liability	500	1,000,000
General Liability:		
Per occurrence	n/a	1,000,000
Aggregate	n/a	2,000,000
Umbrella Liability:		
Per occurrence	10,000	2,000,000
Aggregate	10,000	2,000,000

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

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**NOTE 11 - RISK MANAGEMENT - (Continued)**

**B. Health Insurance**

As of July 1, 2011, the Center has contracted with Stark County Schools Council of Governments, an insurance purchasing pool (See Note 2.A.), to provide employee medical/surgical benefits. Rates are sent through an annual calculation process. The Center pays a monthly contribution that is placed in a common fund from which claim payments are made for all participating districts. The Center's Board of Education pays a portion of the monthly premium.

Prior to fiscal year 2012, the Center was self-insured through OME-RESA. OME-RESA is a claims servicing pool, consisting of 74 school districts within the State, in which monthly premiums are paid to a fiscal agent who in turn pays claims on the Center's behalf. As of July 1, 2011, the Center was no longer a member of OME-RESA.

**C. Workers' Compensation**

The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (See Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the Plan. Participants in the Plan are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the Plan.

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

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

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**NOTE 12 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$90,414, \$85,520 and \$90,362, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

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

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

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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**NOTE 12 - PENSION PLANS - (Continued)**

The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$341,209, \$334,056 and \$322,554, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$11,107 made by the Center and \$7,933 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The Center's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. 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 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Active members do not contribute to the postemployment benefit plans. The 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 Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$15,120, \$34,871 and \$29,145, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$5,339, \$5,503 and \$5,374, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$26,247, \$25,697 and \$24,812, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General Fund</u>	<u>Adult Education</u>
Budget basis	\$ (255,869)	\$ (16,654)
Net adjustment for revenue accruals	46,532	(31,769)
Net adjustment for expenditure accruals	63,312	1,968
Net adjustment for other sources/uses	7,465	78
Funds budgeted elsewhere	7,341	-
Adjustment for encumbrances	<u>134,304</u>	<u>191,972</u>
GAAP basis	<u>\$ 3,085</u>	<u>\$ 145,595</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund, farm fund, uniform school supplies fund, and the public school support fund.

**NOTE 15 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 15 – CONTINGENCIES – (Continued)**

**B. Litigation**

The Center is involved in no material litigation as either plaintiff or defendant.

**NOTE 16 - SET-ASIDES**

The Center is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, 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 cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	56,465
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(325,658)
Excess qualified expenditures from prior years	-
Current year offsets	(1,695,000)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (1,964,193)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 17 - OTHER COMMITMENTS**

The Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Center's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 124,891
Adult education	189,536
Permanent improvement	547,039
Nonmajor governmental funds	<u>26</u>
<b>Total</b>	<b><u>\$ 861,492</u></b>

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of June 30, 2012, the Center had contractual commitments for the following projects:

<u>Contractor</u>	<u>Contractual Commitments</u>	<u>Amount Paid as of 6/30/2012</u>	<u>Amount Remaining on Contracts</u>
<u>Welding and Fabrication Lab Renovation:</u>			
Stitle Construction	\$ 460,700	\$ 103,371	\$ 357,329
Ellyson Plumbing	67,477	30,974	36,503
Standard Heating	485,293	317,892	167,401
Graft Electrical	265,092	173,108	91,984
<b>Total</b>	<b><u>\$ 1,278,562</u></b>	<b><u>\$ 625,345</u></b>	<b><u>\$ 653,217</u></b>

These contractual commitments relate to the Center's comprehensive plan for upgrading and improving the Center. The project commenced in fiscal year 2012 and will be completed in fiscal year 2013.

December 13, 2012

To the Board of Education  
Columbiana County Career and Technical Center  
9364 State Route 45  
Lisbon, OH 44432

**INDEPENDENT AUDITOR'S 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**

We have audited the governmental activities, each major fund and the aggregate remaining fund information of the Columbiana County Career and Technical Center, Columbiana County, Ohio (the Center), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 13, 2012. 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**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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. We consider finding 2012-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

Columbiana County Career and Technical Center  
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  
Page 2 of 2

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Center in a separate letter dated December 13, 2012.

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

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

*Rea & Associates, Inc.*

December 13, 2012

To the Board of Education  
Columbiana County Career and Technical Center  
9364 State Route 45  
Lisbon, OH 44432

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

**Compliance**

We have audited the compliance of the Columbiana County Career and Technical Center, Columbiana County, Ohio (the Center) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control over Compliance**

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Center's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2012-002. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Rea & Associates, Inc.*

COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ <i>Pass Through Grantor</i> Program Title	CFDA Number	Pass Through Entity Number	Federal Receipts	Federal Disbursements
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	10.555	2012	\$ 2,691	\$ 2,691
<i>Cash Assistance:</i>				
School Breakfast Program	10.553	2012	34,257	34,257
National School Lunch Program	10.555	2012	73,651	73,651
Total Cash Assistance			<u>107,908</u>	<u>107,908</u>
Total Child Nutrition Cluster			<u>110,599</u>	<u>110,599</u>
Total U.S. Department of Agriculture			<u>110,599</u>	<u>110,599</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Direct Federal Programs:</i>				
Federal Pell Grant Program	84.063	N/A	673,538	673,538
Rural Education	84.358	2012	35,495	35,495
<i>Passed through Ohio Department of Education:</i>				
Adult Education - Basic Grants to States	84.002	2012	136,594	176,830
Career and Technical Education - Basic Grants to States	84.048	2012	250,709	250,709
Improving Teacher Quality State Grants	84.367	2012	2,950	2,950
Race to the Top - ARRA	84.395	2012	<u>507</u>	<u>507</u>
Total U.S. Department of Education			<u>1,099,793</u>	<u>1,140,029</u>
Total Federal Financial Assistance			<u>\$ 1,210,392</u>	<u>\$ 1,250,628</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2012**

**NOTE A: SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B: CHILD NUTRITION CLUSTER**

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is reported in the schedule of expenditures of federal awards at the entitlement value of the commodities received and disbursed. At June 30, 2012, the Center had no significant food commodities inventory.

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505  
JUNE 30, 2012**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other internal control deficiencies reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list): Child Nutrition Cluster  Career and Technical Education – Basic Grants to States	Program: CFDA #10.553, #10.555  CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**Material Weakness**

<b>Finding Number</b>	<b>2012-001</b>
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**Criteria:**

The Center's management is responsible for establishing and maintaining effective internal control over financial reporting. This is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505 (Continued)  
JUNE 30, 2012**

<b>2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Material Weakness**

<b>Finding Number</b>	<b>2012-001 (Continued)</b>
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**Condition:**

During the audit of the Adult Education Department (the Department) we noted the following issues:

- Management did not maintain a complete listing of students including tuition charged, received and outstanding balances and no such listing could be produced from the Department's student tracking system
- A timely and consistent reconciliation between the student tracking system and the Center's budgetary system is not performed
- Increased fraud risk due to lack of oversight by management
- Information regarding the Department's receivables could not be provided in a timely manner and was produced after multiple attempts to obtain the information

**Cause:**

The Department's lack of oversight and monitoring of student accounts caused the aforementioned conditions.

**Effect:**

The lack of oversight increases the fraud risk, specifically misappropriation of assets. There is also an increased risk that material receivables remain outstanding, unknown and not addressed timely by management.

**Recommendations:**

The Center should establish internal controls designed to identify, monitor and account for all student receivables and track all account balances. Reports from the student tracking system should be reconciled in a timely manner with the Center's budgetary system. Accounts receivable should be reviewed quarterly to ensure collectability and all write-offs should be approved by the Board of Education.

**Official's Response / Corrective Action:**

The Center acknowledges that adult education student accounts needed additional oversight and monitoring in Fiscal Year 2012. This need was created by our adult education program expanding by over forty percent between Fiscal Year 2011 and Fiscal Year 2012. As a result, management was unable to keep up with the needed oversight and monitoring that should have been in place.

In Fiscal Year 2013, the Center employed a Financial Aid Coordinator who will oversee adult education student receivables and maintain a complete listing of student accounts including tuition charged, received and outstanding balances. The Financial Aid Coordinator will reconcile the adult education department records with the Center's budgetary system on a monthly basis. Account receivables will be reviewed quarterly by the Treasurer who will present all write-offs to the Board of Education for approval.

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505 (Continued)  
JUNE 30, 2012**

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

**Noncompliance / Control / Significant Deficiency – Eligibility**

<b>Finding Number</b>	2012-002
<b>CFDA Title and Number</b>	Child Nutrition Cluster – CFDA #10.553, #10.555
<b>Federal Award Number / Year</b>	2012
<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Agency</b>	Ohio Department of Education

**Criteria:**

**7 CFR part 245.3(a)** states that each State agency, shall by July 1 of each year announce family-size income standards to be used by local educational agencies, as defined in §245.2, under the jurisdiction of such State agency, in making eligibility determinations for free or reduced price meals and for free milk. Such family size income standards for free and reduced price meals and for free milk shall be in accordance with Income Eligibility Guidelines published by the Department by notice in the Federal Register.

**42 U.S.C. § 1758(b)(1)** states the income guidelines for determining eligibility for free lunches shall be 130 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B). The income guidelines for determining eligibility for reduced price lunches for any school year shall be 185 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B).

**Condition/Context:**

During testing of certain free and reduced lunch applications and verification testing, 1 out of 26 applications tested was improperly awarded reduced rather than being free. It was also noted during control testing that the Center’s review process failed to catch incomplete applications but continued to qualify the students as free or reduced.

**Effect:**

As a result, the Center’s federal Nutrition Cluster reimbursement has the potential to be submitted based on incorrect information.

**Recommendation:**

Going forward, the Center should enhance procedures to help reduce the risk that a family’s free or reduced lunch status is improperly determined, through proper training of employees who handle the eligibility process.

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505 (Continued)  
JUNE 30, 2012**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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**Noncompliance / Control / Significant Deficiency – Eligibility**

<b>Finding Number</b>	<b>2012-002 (Continued)</b>
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**Official's Response / Corrective Action:**

The Center will designate a member of management to review the applications processed by food service personnel to ensure students are assigned the appropriate free or reduced lunch status. Food service personnel will be encouraged to attend training sessions on the proper administration of the National School Lunch Program.

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

December 13, 2012

To the Board of Education  
Columbiana County Career and Technical Center  
9364 State Route 45  
Lisbon, Ohio 44432

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Columbiana County Career and Technical Center (the Center) has adopted an anti-harassment policy in accordance with Ohio Rev. 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. In our report dated December 16, 2011, we noted the Board adopted an anti-harassment policy at its meeting on January 15, 2008. However, we noted this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. The Board amended the policy on June 19, 2012. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.66.

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

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

*Rea & Associates, Inc.*

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# Dave Yost • Auditor of State

**COLUMBIANA COUNTY CAREER AND TECHNICAL CENTER**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 5, 2013**