

Eastland-Fairfield Career & Technical Schools

Franklin County, Ohio

Single Audit

July 1, 2007 Through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008

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Mary Taylor, CPA

Auditor of State

Board of Education
Eastland Fairfield Career & Technical Schools
4300 Amalgamated Place
P. O. Box 419
Groveport, Ohio 43125

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 5, 2009

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EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
Franklin County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Eastland-Fairfield Career & Technical Schools
4300 Amalgamated Place
Groveport, Ohio 43125

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

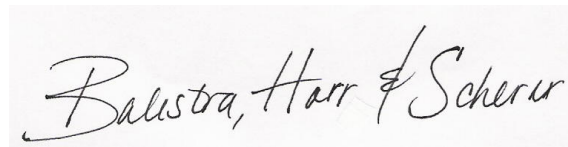
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As described in Note 18, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB statements No. 25 and No. 27*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer CPAs, Inc.
December 19, 2008

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Eastland-Fairfield Career & Technical Schools' (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Governmental Activities:

- The School District's assets of its governmental activities exceeded its liabilities at June 30, 2008 by \$38,750,169.

The School District's net assets of governmental activities increased \$1,756,666, which represents a 4.7 percent increase from the prior year's net assets.

General revenues of governmental activities accounted for \$19,999,480 in revenue or 89 percent of governmental activities revenues. Program specific revenues of governmental activities in the form of charges for services and sales, grants and contributions accounted for \$2,411,089 or 11 percent of total revenues of \$22,410,569.

The School District had \$20,615,905 in expenses related to governmental activities; only \$2,411,089 of these expenses were offset by program specific charges for services and sales, grants, or contributions.

Business-Type Activities:

- The School District's assets of its business-type activities exceeded its liabilities at June 30, 2008 by \$1,000,361.

The School District's net assets of business-type activities decreased \$184,310.

General revenues of business-type activities accounted for \$23,285 in revenue or 0.7 percent of business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,317,118 or 99.3 percent of total revenues of \$3,340,403.

- The School District had \$3,562,711 in expenses related to adult and community education; \$3,317,118 of these expenses were offset by program specific charges for services and sales, grants, and contributions.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the School District's financial situation as a whole and also give a detailed view of its financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's major governmental fund with all other non-major funds presented in total in one column. The major governmental fund of the School District is the General Fund. The other major fund for the School District is the Adult Education Enterprise Fund.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

These two statements report the School District's net assets and changes to those assets. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the School District's overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities.** Some of the School District's programs and services that are reported here include instruction, support services, non-instructional services, and extracurricular activities.
- **Business-Type Activities.** These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's adult education program is reported as a business-type activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 8. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's only major funds are the General Fund and the Adult Education Fund.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

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

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

Fiduciary Funds. The School District's fiduciary funds include agency funds. All of the School District's fiduciary funds are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

THE SCHOOL DISTRICT AS A WHOLE

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and						
Other Assets	\$35,772,867	\$36,558,285	\$647,815	\$835,680	\$36,420,682	\$37,393,965
Capital Assets, Net	19,076,475	15,552,325	591,886	637,581	19,668,361	16,189,906
Total Assets	54,849,342	52,110,610	1,239,701	1,473,261	56,089,043	53,583,871
Liabilities:						
Current and Other						
Liabilities	13,913,467	12,849,062	163,170	220,344	14,076,637	13,069,406
Long-Term						
Liabilities	2,185,706	2,268,045	76,170	68,246	2,261,876	2,336,291
Total Liabilities	16,099,173	15,117,107	239,340	288,590	16,338,513	15,405,697
Net Assets:						
Invested in Capital						
Assets, Net of						
Related Debt	18,271,818	14,561,247	591,886	637,581	18,863,704	15,198,828
Restricted	116,339	2	0	0	116,339	2
Unrestricted	20,362,012	22,432,254	408,475	547,090	20,770,487	22,979,344
Total Net Assets	\$38,750,169	\$36,993,503	\$1,000,361	\$1,184,671	\$39,750,530	\$38,178,174

The decrease to current and other assets is due primarily to a decrease in cash held by the School District due to an increase in expenditures for renovation projects. The increase to capital assets is due to the continuing renovation projects by the School District. The increase to current and other liabilities is primarily due to increases in accounts payable and deferred revenue which were partially offset by a decrease in contracts payable.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

Table 2		
Change in Net Assets for Governmental Activities		
	2008	2007
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,038,178	\$952,932
Operating Grants and Contributions	1,372,911	1,412,553
Total Program Revenues	2,411,089	2,365,485
General Revenues:		
Property Taxes	12,967,508	13,983,338
Grants and Entitlements	5,998,363	5,523,238
Investment Earnings	992,051	1,076,221
Miscellaneous	41,558	2,057
Total General Revenues	19,999,480	20,584,854
Total Revenues	22,410,569	22,950,339
Program Expenses		
Instruction		
Regular	3,648,204	3,165,912
Special	1,075,661	1,055,504
Career and Technical	6,433,789	5,617,799
Adult/Continuing	198,856	200,982
Other	712,482	620,345
Support Services		
Pupil	864,907	837,644
Instructional Staff	581,334	317,364
Board of Education	44,026	10,853
Administration	2,754,316	2,643,576
Fiscal	742,627	672,970
Business	154,387	0
Operation & Maintenance of Plant	2,327,497	2,051,074
Pupil Transportation	51,902	92,481
Central	506,374	404,683
Non-Instructional Services	471,368	333,389
Extracurricular Activities	16,594	21,507
Interest & Fiscal Charges	31,581	47,346
Total Expenses	20,615,905	18,093,429
Transfers	(37,998)	(9,125)
Increase in Net Assets	1,756,666	4,847,785
Net Assets at Beginning of Year	36,993,503	32,145,718
Net Assets at End of Year	\$38,750,169	\$36,993,503

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities (Continued)

The decrease in property tax revenue is due to a decrease in property tax delinquencies collected by the School District and House Bill 66 phase out of tangible personal property. The increase in Career and Technical instruction is due to increased costs incurred for accounts payable of the School District. During the fiscal year, the School District added more academic classes, including college prep and dual enrollment. The addition of these classes along with the addition of staff and supply costs incurred for these new classes have increased regular instruction and instructional staff expenditures. Operation and maintenance of plant increased due to the School District becoming wireless, purchasing new lockers, and upgrading their HVAC.

Property taxes comprised 58 percent of revenues for governmental activities of the School District for fiscal year 2008 and represents the largest source of revenue.

General revenue grants and entitlements comprised 27 percent of revenue for governmental activities during 2008.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 59 percent of governmental program expenses with support services comprising 38 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the School District.

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

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$12,068,992	\$10,828,944	\$10,660,542	\$9,410,306
Support Services	8,027,370	7,486,815	7,030,645	6,495,214
Non-instructional Services	471,368	(158,581)	333,389	(245,411)
Extracurricular Activities	16,594	16,073	21,507	20,998
Interest and Fiscal Charges	31,581	31,565	47,346	46,837
Total Expenses	\$20,615,905	\$18,204,816	\$18,093,429	\$15,727,944

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Business-Type Activities

Table 4 shows the changes in net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

Table 4
Change in Net Assets for Business-Type Activities

	2008	2007
Revenues		
Program Revenues:		
Charges for Services and Sales	\$2,852,570	\$2,821,627
Operating Grants and Contributions	464,548	504,799
Total Program Revenues	3,317,118	3,326,426
General Revenues:		
Other	23,285	23,316
Total General Revenues	23,285	23,316
Total Revenues	3,340,403	3,349,742
Program Expenses	3,562,711	3,656,681
Transfers	37,998	9,125
Decrease in Net Assets	(184,310)	(297,814)
Net Assets at Beginning of Year	1,184,671	1,482,485
Net Assets at End of Year	\$1,000,361	\$1,184,671

Business-type activities are comprised of adult and community education. The adult education program has two components: community education programs and after school programs.

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major governmental fund begins on page 12. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$22,800,134 and expenditures and other financing uses of \$24,686,056. The general fund balance decreased \$1,981,446 due to an increase in career and technical instruction and capital outlay expenditures in the current fiscal year.

General Fund Budgeting Highlights

The School District's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the General Fund and then adopts the budget on a fund basis.

During 2008, there were several revisions made to the General Fund budget. Total estimated revenues were decreased by \$986,252 due to a decrease in estimates for property taxes and intergovernmental revenue. Actual revenues increased \$494,805 over estimated revenues due to additional property taxes, and interest revenue received by the School District. Total estimated appropriations increased \$3,244,062 due to increases in estimates for career and technical instruction and capital outlay expenditures for construction costs. Estimated appropriations were higher than actual expenditures due to over budgeting for the current fiscal year for career and technical instruction, administration and operation and maintenance of plant. The School District's ending un-obligated cash balance was \$5,679,512 above the final budgeted amount.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the School District had \$19,668,361 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows the fiscal year 2008 balances compared to 2007. For additional information regarding capital assets please see Note 7 to the basic financial statements.

Table 5
 Capital Assets
 (Net of Accumulated Depreciation)

<i>Governmental Activities:</i>	2008	2007*
Land	\$449,800	\$449,800
Construction in Progress	0	718,284
Buildings and Improvements	17,776,390	13,775,567
Furniture and Equipment	648,193	382,910
Vehicles	202,092	225,764
Subtotal	19,076,475	15,552,325
<i>Business-Type Activities:</i>		
Furniture and Equipment	18,575	31,202
Buildings and Improvements	573,311	606,379
Subtotal	591,886	637,581
Totals	\$19,668,361	\$16,189,906

* Certain reclassifications were made to 2007 balances which had no effect on total capital assets.

Changes in capital assets from the prior year resulted from additions, deletions and depreciation. The most significant capital asset additions were due to various building renovations.

Debt

At June 30, 2008, the School District had outstanding long-term debt. Table 6 summarizes bonds and notes outstanding:

Table 6
 Outstanding Bonds and Notes at Year End
 Governmental Activities

	2008	2007
1994 Construction Loan	\$47,918	\$79,859
School Facilities Construction and Improvement Note	750,000	900,000
Totals	\$797,918	\$979,859

For additional information regarding long term obligations, please see Note 13 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial situation and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dawn Lemley, Treasurer, Eastland-Fairfield Career & Technical Schools, 4300 Amalgamated Place, Groveport, Ohio 43125-0419.

Eastland-Fairfield Career & Technical Schools

Statement of Net Assets

As of June 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,948,953	\$162,198	\$8,111,151
Investments	12,938,139	0	12,938,139
Receivables:			
Taxes	14,550,661	0	14,550,661
Accounts	28,467	480,413	508,880
Intergovernmental	130,338	5,204	135,542
Prepaid Items	103,578	0	103,578
Restricted Cash and Cash Equivalents	72,731	0	72,731
Non-Depreciable Capital Assets	449,800	0	449,800
Capital Assets, Net	18,626,675	591,886	19,218,561
<i>Total Assets</i>	<u>\$54,849,342</u>	<u>\$1,239,701</u>	<u>\$56,089,043</u>
Liabilities			
Accounts Payable	\$1,057,023	\$39,348	\$1,096,371
Accrued Wages and Benefits	1,426,760	51,811	1,478,571
Claims Payable	101,053	0	101,053
Contracts Payable	170,679	0	170,679
Retainage Payable	72,731	0	72,731
Deferred Revenue	10,567,196	0	10,567,196
Accrued Interest Payable	2,395	0	2,395
Matured Compensated Absences Payable	26,629	218	26,847
Intergovernmental Payable	489,001	71,793	560,794
Long-Term Liabilities:			
Due Within One Year	799,348	22,019	821,367
Due In More Than One Year	1,386,358	54,151	1,440,509
<i>Total Liabilities</i>	<u>16,099,173</u>	<u>239,340</u>	<u>16,338,513</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	18,271,818	591,886	18,863,704
Restricted for:			
Other Purposes	116,339	0	116,339
Unrestricted	20,362,012	408,475	20,770,487
<i>Total Net Assets</i>	<u>\$38,750,169</u>	<u>\$1,000,361</u>	<u>\$39,750,530</u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	\$3,648,204	\$109,726	\$9,326	(\$3,529,152)	\$0	(\$3,529,152)
Special	1,075,661	37,375	334,945	(703,341)	0	(703,341)
Career and Technical	6,433,789	202,816	92,923	(6,138,050)	0	(6,138,050)
Adult/Continuing	198,856	11,861	129,322	(57,673)	0	(57,673)
Other	712,482	34,113	277,641	(400,728)	0	(400,728)
Support Services:						
Pupil	864,907	31,578	132,102	(701,227)	0	(701,227)
Instructional Staff	581,334	21,532	85,522	(474,280)	0	(474,280)
Board of Education	44,026	1,321	0	(42,705)	0	(42,705)
Administration	2,754,316	81,333	3,637	(2,669,346)	0	(2,669,346)
Fiscal	742,627	23,132	0	(719,495)	0	(719,495)
Business	154,387	4,846	0	(149,541)	0	(149,541)
Operation and Maintenance of Plant	2,327,497	68,427	7,394	(2,251,676)	0	(2,251,676)
Pupil Transportation	51,902	1,420	390	(50,092)	0	(50,092)
Central	506,374	18,477	59,444	(428,453)	0	(428,453)
Non-Instructional Services	471,368	389,684	240,265	158,581	0	158,581
Extracurricular Activities	16,594	521	0	(16,073)	0	(16,073)
Interest and Fiscal Charges	31,581	16	0	(31,565)	0	(31,565)
<i>Total Governmental Activities</i>	<u>20,615,905</u>	<u>1,038,178</u>	<u>1,372,911</u>	<u>(18,204,816)</u>	<u>0</u>	<u>(18,204,816)</u>
Business-Type Activities						
Adult and Community Education	3,562,711	2,852,570	464,548	0	(245,593)	(245,593)
<i>Total Business-Type Activities</i>	<u>3,562,711</u>	<u>2,852,570</u>	<u>464,548</u>	<u>0</u>	<u>(245,593)</u>	<u>(245,593)</u>
Total All Activities	<u>\$24,178,616</u>	<u>\$3,890,748</u>	<u>\$1,837,459</u>	<u>(\$18,204,816)</u>	<u>(\$245,593)</u>	<u>(\$18,450,409)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes				12,967,508	0	12,967,508
Grants and Entitlements not Restricted						
to Specific Programs				5,998,363	0	5,998,363
Investment Earnings				992,051	0	992,051
Miscellaneous				41,558	23,285	64,843
<i>Total General Revenues</i>				<u>19,999,480</u>	<u>23,285</u>	<u>20,022,765</u>
Transfers				(37,998)	37,998	0
Change in Net Assets				1,756,666	(184,310)	1,572,356
<i>Net Assets Beginning of Year</i>				<u>36,993,503</u>	<u>1,184,671</u>	<u>38,178,174</u>
<i>Net Assets End of Year</i>				<u>\$38,750,169</u>	<u>\$1,000,361</u>	<u>\$39,750,530</u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

**Balance Sheet
Governmental Funds
As of June 30, 2008**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$7,165,916	\$265,711	\$7,431,627
Investments	12,938,139	0	12,938,139
Receivables:			
Taxes	14,550,661	0	14,550,661
Accounts	12,913	15,554	28,467
Intergovernmental Receivable	1,399	128,939	130,338
Interfund Receivable	167,757	0	167,757
Prepaid Items	101,043	2,535	103,578
Restricted Cash and Cash Equivalents	<u>72,731</u>	<u>0</u>	<u>72,731</u>
 Total Assets	 <u><u>35,010,559</u></u>	 <u><u>412,739</u></u>	 <u><u>35,423,298</u></u>
 LIABILITIES			
Accounts Payable	1,051,819	5,204	1,057,023
Contracts Payable	170,679	0	170,679
Accrued Wages and Benefits	1,300,209	126,551	1,426,760
Matured Compensated Absences Payable	23,164	3,465	26,629
Retainage Payable	72,731	0	72,731
Deferred Revenue	11,151,573	30,514	11,182,087
Interfund Payable	0	167,757	167,757
Intergovernmental Payable	<u>423,888</u>	<u>65,113</u>	<u>489,001</u>
 Total Liabilities	 <u>14,194,063</u>	 <u>398,604</u>	 <u>14,592,667</u>
 FUND BALANCES			
Reserved for Encumbrances	1,064,318	175,110	1,239,428
Reserved for Property Taxes	3,399,086	0	3,399,086
Unreserved:			
Undesignated - Reported In:			
General Fund	16,353,092	0	16,353,092
Special Revenue Funds	<u>0</u>	<u>(160,975)</u>	<u>(160,975)</u>
Total Fund Balances	<u>20,816,496</u>	<u>14,135</u>	<u>20,830,631</u>
 Total Liabilities and Fund Balances	 <u><u>\$35,010,559</u></u>	 <u><u>\$412,739</u></u>	 <u><u>\$35,423,298</u></u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

**Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities**

As of June 30, 2008

Total Governmental Fund Balances		\$20,830,631
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,076,475
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	584,377	
Intergovernmental	<u>30,514</u>	
Total		614,891
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		416,273
Long-Term Liabilities, including notes, loans, capital lease obligations, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(2,395)	
Compensated Absences	(1,381,049)	
Capital Lease Obligations	(6,739)	
Loan Obligations	(47,918)	
General Obligation Notes	<u>(750,000)</u>	
Total		<u>(2,188,101)</u>
Net Assets of Governmental Activities		<u><u>\$38,750,169</u></u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Fiscal Year Ended June 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$13,007,381	\$0	\$13,007,381
Tuition and Fees	555,589	104,839	660,428
Earnings on Investments	992,051	0	992,051
Intergovernmental	6,228,193	1,231,558	7,459,751
Charges for Services	0	364,742	364,742
Rentals	13,007	0	13,007
Gifts and Donations	500	22,759	23,259
Other	15,269	3,030	18,299
	<u>20,811,990</u>	<u>1,726,928</u>	<u>22,538,918</u>
Total Revenues			
Expenditures			
Current Operating			
Instruction			
Regular	3,414,311	14,341	3,428,652
Special	880,114	160,241	1,040,355
Career and Technical	6,261,142	142,885	6,404,027
Adult/Continuing	0	198,039	198,039
Other	275,563	376,831	652,394
Support Services:			
Pupil	610,587	196,208	806,795
Instructional Staff	419,021	125,237	544,258
Board of Education	42,083	0	42,083
Administration	2,573,318	5,593	2,578,911
Fiscal	728,888	0	728,888
Business	147,771	0	147,771
Operation and Maintenance of Plant	2,161,627	11,369	2,172,996
Pupil Transportation	44,096	600	44,696
Central	415,835	89,598	505,433
Extracurricular Activities	16,594	0	16,594
Non-Instructional Services	92,626	363,984	456,610
Capital Outlay	4,425,955	0	4,425,955
Debt Service			
Principal	36,421	150,000	186,421
Interest	462	31,598	32,060
	<u>22,546,414</u>	<u>1,866,524</u>	<u>24,412,938</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,734,424)	(139,596)	(1,874,020)
Other Financing Sources (Uses)			
Operating Transfers In	0	235,120	235,120
Operating Transfers Out	(273,118)	0	(273,118)
Proceeds from the Sale of Assets	26,096	0	26,096
	<u>(247,022)</u>	<u>235,120</u>	<u>(11,902)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(1,981,446)	95,524	(1,885,922)
Fund Balances at Beginning of Year	22,797,942	(81,389)	22,716,553
Fund Balances at End of Year	<u>\$20,816,496</u>	<u>\$14,135</u>	<u>\$20,830,631</u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

**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, 2008

Net Change in Fund Balances - Total Governmental Funds (\$1,885,922)

**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 outlays exceeded depreciation in the current period.

Capital Asset Additions	4,965,048	
Current Year Depreciation	<u>(1,389,886)</u>	
Total		3,575,162

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. These are the amounts of the loss on the disposal of capital assets and the proceeds from the sale of capital assets.

Proceeds from Sale of Capital Assets	(26,096)	
Loss on Disposal of Capital Assets	<u>(24,916)</u>	
Total		(51,012)

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

Taxes	(39,873)	
Intergovernmental	<u>(88,476)</u>	
Total		(128,349)

Repayment of loan and note principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

181,941

Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

4,480

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

163,969

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

Increase in Compensated Absences	(104,082)	
Decrease in Interest Payable	<u>479</u>	

Total (103,603)

Net Change in Net Assets of Governmental Activities \$1,756,666

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

**Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Budget Basis)
General Fund**

For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$21,762,471	\$20,776,219	\$21,271,024	\$494,805
Total Expenditures and Other Uses	<u>26,756,620</u>	<u>30,000,682</u>	<u>24,815,975</u>	<u>5,184,707</u>
Net Change in Fund Balance	(4,994,149)	(9,224,463)	(3,544,951)	5,679,512
Fund Balance, July 1	16,180,458	16,180,458	16,180,458	0
Prior Year Encumbrances Appropriated	<u>5,255,891</u>	<u>5,255,891</u>	<u>5,255,891</u>	<u>0</u>
Fund Balance, June 30	<u>\$16,442,200</u>	<u>\$12,211,886</u>	<u>\$17,891,398</u>	<u>\$5,679,512</u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

Statement of Net Assets
Proprietary Funds
As of June 30, 2008

	<u>Business-Type Activities</u> Enterprise Fund	<u>Governmental</u> Activities
	<u>Adult</u> Education	<u>Internal</u> Service
ASSETS:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$162,198	\$517,326
Accounts Receivable	480,413	0
Prepaid Items	<u>5,204</u>	<u>0</u>
Total Current Assets	647,815	517,326
Noncurrent Assets:		
Capital Assets, net	<u>591,886</u>	<u>0</u>
Total Non Current Assets	591,886	0
Total Assets	<u><u>1,239,701</u></u>	<u><u>517,326</u></u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$39,348	0
Accrued Wages and Benefits	51,811	0
Claims Payable	0	101,053
Intergovernmental Payable	71,793	0
Matured Compensated Absences Payable	218	0
Long Term Liabilities:		
Due Within One Year	22,019	0
Due in More Than One Year	<u>54,151</u>	<u>0</u>
Total Liabilities	<u>239,340</u>	<u>101,053</u>
NET ASSETS:		
Invested in capital assets	591,886	0
Unrestricted	<u>408,475</u>	<u>416,273</u>
Total Net Assets	<u><u>\$1,000,361</u></u>	<u><u>\$416,273</u></u>

The notes to the basic financial statements are an intergral part of this statement.

Eastland-Fairfield Career & Technical Schools

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds**

For the Fiscal Year Ended June 30, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Operating Revenues		
Tuition and Fees	\$2,852,570	\$0
Charges for Services	0	1,551,740
Miscellaneous	17,445	0
Total Operating Revenues	2,870,015	1,551,740
Operating Expenses		
Salaries and Wages	1,908,710	0
Fringe Benefits	374,862	0
Purchased Services	728,511	0
Claims	0	1,387,771
Materials and Supplies	480,633	0
Depreciation Expense	53,092	0
Miscellaneous	7,559	0
Total Operating Expenses	3,553,367	1,387,771
Operating Income (Loss)	(683,352)	163,969
Nonoperating Revenues (Expenses)		
Intergovernmental Revenues	464,548	0
Other	5,840	0
Loss on Sale of Capital Assets	(9,344)	0
Total Nonoperating Revenues (Expenses)	461,044	0
Income (Loss) Before Transfers	(222,308)	163,969
Transfers - In	37,998	0
Changes in Net Assets	(184,310)	163,969
Net Assets at Beginning of Year	1,184,671	252,304
Net Assets at End of Year	<u>\$1,000,361</u>	<u>\$416,273</u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

**Statement of Cash Flows
Proprietary Funds**

For the Fiscal Year Ended June 30, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Cash Received from Transaction with Other Funds	\$0	\$1,551,740
Cash Received from Other Operating Sources	17,445	0
Cash Received from Tuition Payments	2,786,777	0
Cash Payments to Suppliers for Services	(1,229,298)	0
Cash Payments to Employees for Services and Benefits	(2,318,520)	0
Cash Payments for Claims	0	(1,366,651)
	<u>0</u>	<u>(1,366,651)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(743,596)</u>	<u>185,089</u>
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental	464,548	0
Other non-operating sources	5,840	0
Transfers - in	37,998	0
Short-term Loans from Other Funds	0	(49,500)
	<u>0</u>	<u>(49,500)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>508,386</u>	<u>(49,500)</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Payments for Capital Acquisitions	(16,741)	0
	<u>(16,741)</u>	<u>0</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(16,741)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(251,951)	135,589
Cash and Cash Equivalents at Beginning of Year	414,149	381,737
	<u>414,149</u>	<u>381,737</u>
Cash and Cash Equivalents at End of Year	<u>\$162,198</u>	<u>\$517,326</u>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</i>		
Operating Income (Loss)	(\$683,352)	\$163,969
Depreciation Expense	53,092	0
<i>Changes in Assets and Liabilities:</i>		
Increase in Accounts Receivable	(65,793)	0
Decrease in Prepaid Items	1,707	0
Decrease in Accounts Payable	(12,595)	0
Decrease in Accrued Wages and Benefits	(3,993)	0
Increase in Compensated Absences	8,142	0
Decrease in Intergovernmental Payable	(40,804)	0
Increase in Claims Payable	0	21,120
	<u>0</u>	<u>21,120</u>
Total Adjustments	<u>(60,244)</u>	<u>21,120</u>
<i>Net Cash Provided by Operating Activities</i>	<u>(\$743,596)</u>	<u>\$185,089</u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

Statement of Fiduciary Assets and Liabilities

Agency Fund

As of June 30, 2008

	<u>Agency</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$77,360</u>
Total Assets	<u><u>77,360</u></u>
 LIABILITIES	
Due to Students	<u>77,360</u>
Total Liabilities	<u><u>\$77,360</u></u>

The notes to the basic financial statements are an integral part of this statement.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Eastland-Fairfield Career & Technical Schools (the School District) is a career-technical school district organized under section 3311.18 of the Ohio Revised Code. The School District provides career-technical education for 16 (15 statute and one contracted) school districts serving an eligible student population of 1,240 plus an additional 1,280 served by IT Foundation programs throughout 700 square miles of central Ohio, including Franklin, Fairfield, Pickaway, Licking, Hocking and Perry counties. A nine-member Board of Education governs the School District, which is supported by a 1.20 mill continuing operating levy passed in 1971 and a 0.8 mill continuing operating levy passed in 1998, both for an assessed valuation of over \$7.3 billion tax duplicate. In addition, the School District receives funds from the State of Ohio Career and Technical School Foundation Program. The School District 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 interest of students.

Reporting Entity

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District consists of nine appointed members as follows: two from the Franklin County Educational Service Center, three from the Fairfield County Educational Service Center, and one each from the Teays Valley Local School District, Whitehall City School District, Gahanna-Jefferson City School District, and Reynoldsburg City School District. Each two-year term, Fairfield and Franklin counties switch the 3-2 split of the five members. For the fiscal year 2008 the split was 2 from Fairfield and 3 from Franklin. No school district appoints a voting majority of the Board. None of the school districts that appoint Board Members are financially accountable for the School District.

The reporting entity consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, adult continuing education and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Currently, the School District does not have any component units.

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the City of Groveport and participating local and city school districts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District is associated with the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. This organization is presented in Note 17 to the basic financial statements.

The financial statements of the School District 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The School District does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary activities. The significant accounting policies followed in the preparation of these financial statements are summarized below.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

General Fund

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

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Fund Type

Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The School District only has one enterprise fund and one internal service fund.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Adult Education Fund

This fund accounts for educational opportunities offered on a tuition basis to adults living within the community.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee medical and dental claims.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's only agency funds are funds used to account for student-managed activities.

Basis of Presentation

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District. As a general rule the effect of interfund services provided and used are not eliminated in the process of consolidation with the exception of the Internal Service fund activity which was eliminated in the Statement of Activities.

Fund Financial Statements

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

Measurement Focus

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

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

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in 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 School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary and fiduciary funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty (60) days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due; and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

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

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

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

Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements, encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

During fiscal year 2008, investments were limited to U.S. Government Instrumentalities, repurchase agreements, and STAROhio. 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 are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2008. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2008 amounted to \$992,051.

For purposes of the statement of cash flows and for presentation on the 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 School District are considered to be cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

Restricted Assets

The School District has recorded restricted cash in the basic financial statements for cash held as retainage on construction projects. This cash is recorded in the basic financial statements as "restricted cash and cash equivalents".

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

General capital assets of the School District are those assets not specifically related to activities reported in the proprietary funds. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government wide statement of net assets and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental & Business-Type Assets Estimated Lives
Building and Improvements	25 years
Furniture and Equipment	10 years
Vehicles	10 years

Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The School District records an accrual for sick leave for all employees with ten years or more of service. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund/Internal Balances

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund Receivable/Payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All unpaid reimbursements between funds are reported as "due to/from other funds." Interfund receivables and payables within governmental activities and within business-type activities have been eliminated in the government-wide statement of net assets; any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term loans, and capital leases are recognized as a liability on the government-wide financial statements when due.

Net Assets

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

Net assets restricted for other purposes represents balances in special revenue funds which are restricted to use per grant agreements.

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

The government-wide statement of net assets reports \$116,339 in restricted net assets, none of which are restricted by enabling legislation.

Fund Balance Reserves

Reserved fund balances indicate that portion of fund balance, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances and property tax revenue reserved by the Board for future years' appropriations. The reserve for property tax represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriation under State statute. The unreserved, undesignated portions of fund balance reflected for governmental funds are available for use within the specific purpose of those funds.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

Estimates

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult education classes, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

3. ACCOUNTABILITY

The Food Service, ABLE, and Perkins Grant special revenue funds had deficit fund balances of \$55,351, \$16,745, and \$29,588, respectively. The deficits in these funds are due to adjustments for accrued liabilities and the timing of grant awards. The general fund provides transfers when cash is required, not when expenditures are incurred.

4. BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budget Basis) as opposed to when susceptible to accrual (GAAP Basis).
2. Expenditures are recorded when paid in cash (Budget Basis) as opposed to when the liability is incurred (GAAP Basis).
3. Encumbrances are treated as expenditures (Budget Basis) rather than as a reservation of fund balance (GAAP basis).

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$1,981,446)
Adjustments:	
Revenue Accruals	432,938
Expenditure Accruals	241,399
Encumbrances	(2,237,842)
Budget Basis	(\$3,544,951)

5. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits 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 monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or 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. Bond and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

5. DEPOSITS AND INVESTMENTS (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the School District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the School District's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the School District's total average portfolio.

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

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

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

Cash on Hand

At fiscal year end, the School District had \$550 in un-deposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and cash equivalents."

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2008, the School District's bank balance of \$30,443 was either covered by FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

5. DEPOSITS AND INVESTMENTS (Continued)

Investments

The School District had the following investments at June 30, 2008:

Investment Type	Fair Value	<1 Year	1-2 Years
Repurchase Agreement	\$ 3,583,000	\$ 3,583,000	\$ 0
STAR Ohio	4,750,470	4,750,470	0
FNMA Notes	2,961,588	2,961,588	0
FHLB Notes	7,014,352	4,017,230	2,997,122
Commercial Paper	2,962,200	2,962,200	0
	<u>\$ 21,271,610</u>	<u>\$ 18,274,488</u>	<u>\$ 2,997,122</u>

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to Repurchase Agreements, FNMA, FHLB, FHLMC, and STAR Ohio. The School District’s investments in FNMA, FHLB, and FHLMC were each rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned StarOhio an AAAM money market rating. The General Electric Commercial Paper was rated AAA by Standard & Poor’s and was rate A-1+ by Moody’s Investor Services.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District’s investment policy allows investments in Repurchase Agreements, Certificates of Deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 13.9% of its investments in FNMA Notes, 14% in Commercial Paper, 22.3% in STAROhio, 16.8% in a repurchase agreement, and the remaining 33% in FHLB Notes.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

All of the School District’s investments are either insured and registered in the name of the School District or at least registered in the name of the School District, other than the School District’s repurchase agreements which are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the School District’s name.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the School District’s cash management pool and investments with a maturity date of three months or less.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2008 for real and public utility property taxes represents collections of calendar year 2007 taxes. Property tax payments received during calendar year 2007 for tangible personal property (other than public utility property) are for calendar year 2008 taxes.

2008 real property taxes are levied after April 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2007 real property taxes are collected in and intended to finance fiscal year 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after April 1, 2008 and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after April 1, 2008, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are twenty-five percent of true 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

6. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$6,774,807,030	93.81%	\$7,099,571,070	95.41%
Public Utility	236,208,390	3.27%	215,176,450	2.89%
Tangible Personal Property	210,503,859	2.92%	126,281,977	1.70%
Total Assessed Value	\$7,221,519,279	100.00%	\$7,441,029,497	100.00%
Tax rate per \$1,000 of assessed valuation	\$2.00		\$2.00	

The School District receives property taxes from Franklin, Fairfield, Licking, Hocking, Perry and Pickaway Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008 are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2008. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

At June 30, 2008, \$3,399,086 was available as an advance to the General fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue is deferred.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

7. CAPITAL ASSETS

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

	Ending Balance 06/30/07*	Additions	Deletions	Ending Balance 06/30/08
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$449,800	\$0	\$0	\$449,800
Construction in Progress	718,284	0	(718,284)	0
Total Capital Assets, Not Being Depreciated	<u>1,168,084</u>	<u>0</u>	<u>(718,284)</u>	<u>449,800</u>
Capital Assets Being Depreciated				
Buildings and Improvements	26,197,893	5,045,985	0	31,243,878
Furniture and Equipment	1,835,648	637,347	(275,547)	2,197,448
Vehicles	234,429	0	0	234,429
Total Capital Assets, Being Depreciated	<u>28,267,970</u>	<u>5,683,332</u>	<u>(275,547)</u>	<u>33,675,755</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(12,422,326)	(1,045,162)	0	(13,467,488)
Furniture and Equipment	(1,452,738)	(321,052)	224,535	(1,549,255)
Vehicles	(8,665)	(23,672)	0	(32,337)
Total Accumulated Depreciation	<u>(13,883,729)</u>	<u>(1,389,886)</u>	<u>224,535</u>	<u>(15,049,080)</u>
Total Capital Assets Being Depreciated, Net	<u>14,384,241</u>	<u>4,293,446</u>	<u>(51,012)</u>	<u>18,626,675</u>
Governmental Activities Capital Assets, Net	<u>\$15,552,325</u>	<u>4,293,446</u>	<u>(769,296)</u>	<u>\$19,076,475</u>
Business-Type Activities				
Furniture and Equipment	\$167,721	0	0	\$167,721
Buildings and Improvements	1,052,563	16,741	(12,889)	1,056,415
Total Capital Assets, Being Depreciated	<u>1,220,284</u>	<u>0</u>	<u>0</u>	<u>1,224,136</u>
Less Accumulated Depreciation:				
Furniture and Equipment	(136,519)	(12,627)	0	(149,146)
Buildings and Improvements	(446,184)	(40,465)	3,545	(483,104)
Total Accumulated Depreciation	<u>(582,703)</u>	<u>(53,092)</u>	<u>3,545</u>	<u>(632,250)</u>
Business-Type Activities Capital Assets, Net	<u>\$637,581</u>	<u>(36,351)</u>	<u>(9,344)</u>	<u>\$591,886</u>

* Certain reclassifications were made to 2007 balances, which had no effect on total capital assets.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$165,251
Special	30,418
Other	9,997
Career and Technical	784,639
Support Services:	
Pupil	41,730
Instructional Staff	13,735
Board of Education	1,943
Administration	163,128
Fiscal	5,647
Operation and Maintenance of Plant	156,900
Pupil Transportation	7,206
Non-Instructional Services	9,292
Total Depreciation Expense	<u><u>\$1,389,886</u></u>

8. RISK MANAGEMENT

The School District 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 2008, the School District contracted with Ohio School Plan for property, liability, and fleet insurance.

Coverage provided by the Ohio School Plan is as follows:

Building and Contents (\$1,000 deductible)	\$55,218,542
Automobile Liability (\$1,000 deductible)	5,000,000
General Liability (no deductible):	
Per occurrence	5,000,000
Aggregate	7,000,000

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

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

8. RISK MANAGEMENT (Continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The program is administered by Anthem, which provides claims review and processing services. The School District has purchased specific stop-loss benefits covering cost above the \$50,000 individual retention mark to a maximum lifetime reimbursement of \$2,000,000.

The liability for unpaid claims costs of \$101,053 reported in the internal service fund at June 30, 2008, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2007	\$111,485	\$1,243,814	\$1,275,366	\$79,933
2008	79,933	1,387,771	1,366,651	101,053

9. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The rates allocated to fund pension obligations for the fiscal years ended June 30, 2008, 2007, and 2006 were 9.82%, 10.68%, and 10.58%, respectively. The School District's contributions to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$346,578, \$311,673, and \$396,221, respectively; 51% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006.

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

9. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

9. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

For the fiscal years ended June 30, 2008, 2007, and 2006 plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent, while the portions allocated to fund pension obligations were 13% for all three fiscal years. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,261,241, \$1,150,544, and \$1,170,236, respectively; 83% has been contributed for the fiscal year 2008 and 100% for the fiscal year 2008 and 2007.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested 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.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

10. POSTEMPLOYMENT BENEFITS (Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. For the School District, these amounts equaled \$98,179, \$86,758, and \$83,588 for fiscal years 2008, 2007, and 2006, respectively.

School Employees Retirement System

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2008 was \$96.40; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2008, the actuarially required allocations were 0.66 percent. For the School District, contributions for the fiscal year ended June 30, 2008 was \$22,849.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, 2007, and 2006, the health care allocations were 4.18 percent, 3.32 percent, and 3.42 percent, respectively. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2008, 2007, and 2006 fiscal years equaled \$184,152, \$163,597, and \$213,576, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

10. POSTEMPLOYMENT BENEFITS (Continued)

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS website at www.ohsers.org under *Forms and Publications*.

11. EMPLOYEE BENEFITS

Compensated Absences

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

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 260 days for all personnel. Upon retirement, payment is made for 25 percent of their accrued, but unused sick leave credit to a maximum of 45-75 days depending on the employees years of service.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. Medical and dental insurance is provided by the School District to all employees through a self-insurance program.

12. CAPITAL LEASES

In previous fiscal years, the School District entered into capitalized leases for the purchase of a bobcat loader and various computer equipment. The leases were reported as capital outlay and inception of capital lease (other financing sources) in the basic financial statements for the governmental funds and were capitalized as capital assets in the government-wide financial statements. In prior years, the School District had also entered into capitalized leases for the acquisition of copiers and equipment. All of these leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. Those expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized in the statement of net assets for governmental activities in the amount of \$310,044 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2008 totaled \$4,480.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008:

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

12. CAPITAL LEASES (Continued)

Fiscal Year Ending June 30	Total Payments
2009	\$4,936
2010	<u>2,064</u>
Total Minimum Lease Payments	7,000
Less Amount Representing Interest	<u>(261)</u>
Present Value of Minimum Lease Payments	<u><u>\$6,739</u></u>

13. LONG-TERM DEBT AND OTHER OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

<u>Governmental Activities:</u>	Principal			Principal Outstanding 6/30/2008	Due within One Year
	Outstanding 6/30/2007	Additions	Deductions		
1994 Construction Loan - 0%	\$79,859	\$0	\$31,941	\$47,918	\$31,941
2003 School Facilities Construction and Improvement Note - 3.83%	900,000	0	150,000	750,000	150,000
Capital Leases	11,219	0	4,480	6,739	4,708
Compensated Absences	<u>1,276,967</u>	<u>1,381,049</u>	<u>1,276,967</u>	<u>1,381,049</u>	<u>612,699</u>
<i>Total Governmental Activities</i>	<u><u>\$2,268,045</u></u>	<u><u>\$1,381,049</u></u>	<u><u>\$1,463,388</u></u>	<u><u>\$2,185,706</u></u>	<u><u>\$799,348</u></u>

<u>Business-Type Activities:</u>	Principal			Principal Outstanding 6/30/2008	Due within One Year
	Outstanding 6/30/2007	Additions	Deductions		
Compensated Absences	<u>\$68,246</u>	<u>\$76,170</u>	<u>\$68,246</u>	<u>\$76,170</u>	<u>\$22,019</u>
	<u>\$68,246</u>	<u>\$76,170</u>	<u>\$68,246</u>	<u>\$76,170</u>	<u>\$22,019</u>

In fiscal year 1994, the School District received an interest free loan in the amount of \$479,120 for building construction. The construction loan will be retired in fiscal year 2010. These loans are paid from general fund revenues. In fiscal year 2003, the School District issued \$1,500,000 in notes for the purpose of construction and improvements of school facilities. These notes were issued for a ten year period with a final maturity date in fiscal year 2013. These notes are paid from the debt service fund.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

13. LONG-TERM DEBT AND OTHER OBLIGATIONS (continued)

Compensated absences will be paid from the fund from which employees' salaries are paid with the significant funds being the General Fund and the Adult Education Fund. Capital leases are paid from the general fund.

The School District's overall legal debt margin was \$668,894,737 with an un-voted debt margin of \$7,441,029.

A summary of the School District's future long-term debt funding requirements as of June 30, 2008, follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$181,941	\$25,853	\$207,794
2010	165,977	20,108	186,085
2011	150,000	14,363	164,363
2012	150,000	8,618	158,618
2013	<u>150,000</u>	<u>2,871</u>	<u>152,871</u>
Total	<u>\$797,918</u>	<u>\$71,813</u>	<u>\$869,731</u>

14. INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2008, were as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
<i>Major Funds</i>		
General	\$273,118	\$0
Adult Education	<u>0</u>	<u>37,998</u>
Total Major Funds	273,118	37,998
<i>Non-Major Funds</i>		
Bond Retirement	0	181,598
Food Service		<u>53,522</u>
Total Non-Major Funds	<u>0</u>	<u>235,120</u>
Total	<u>\$273,118</u>	<u>\$273,118</u>

Transfers were made from the general fund to move unrestricted balances to support programs and projects accounted for in other funds.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

14. INTERFUND ACTIVITY (Continued)

Interfund Balances

Interfund balances at June 30, 2008, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2009 fiscal year:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$167,757	\$0
Non Major Special Revenue Funds:		
Food Service	0	24,600
Career Camp Grant	0	14,996
CTAE Bus & Industry		8,991
ABLE Grant	0	30,514
Secondary Perkins Grant	0	88,656
Total Non Major Special Revenue Funds	0	167,757
Total All Funds	\$167,757	\$167,757

The amounts due to the General fund are the result of the School District moving unrestricted monies to support grant funds. The General fund will be reimbursed when funds become available in the non-major special revenue funds.

15. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Textbooks and Instructional Materials	Capital Maintenance
Set-aside Cash Balance as of June 30, 2007	\$0	\$0
Current year set-aside requirement	171,285	171,285
Prior Year Carry Over	(1,429,759)	(24,197,838)
Qualifying disbursements	(502,759)	(6,074,922)
Set-aside Balance Carried Forward to Future Years	(\$1,761,233)	(\$30,101,475)
Set-aside Reserve Balance as of June 30, 2008	\$0	\$0

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

15. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero in the capital maintenance and textbooks and instructional materials set-asides. These extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

16. CONTINGENT LIABILITIES

Grants

The School District receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

Litigation

The School District is not currently party to any legal proceedings.

17. INSURANCE PURCHASING POOL

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

18. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2008, the School District implemented GASB Statement No. 50, "Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27", GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", and GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity transfers of Assets and Future Revenues." GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. GASB Statement No. 48 establishes criteria that governments use to ascertain whether certain transactions should be regarded as sales or collateralized borrowings, and disclosure requirements for future revenues that are pledged or sold. The application of these new standards had no effect on the basic financial statements, nor did their implementation require a restatement of prior year balances.

Eastland-Fairfield Career & Technical Schools
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
United States Department of Education				
<i>Direct from the Federal Agency</i>				
<i>Student Financial Aid Cluster</i>				
Federal Supplemental Educational Opportunity Grants	N	84.007	\$ 7,556	\$ 7,556
Federal Family Education Loans	N	84.032	685,755	685,755
Pell Grants	N	84.063	339,541	339,541
<i>Total Student Financial Aid Cluster</i>			1,032,852	1,032,852
<i>Passed through Ohio Department of Education</i>				
Vocational Education Basic Grants to States	20C1/20C2	84.048	748,017	745,920
Safe & Drug Free Schools	DRS1	84.186	2,462	2,462
Adult and Community Education	ABS1	84.002	186,632	186,632
Title II-A Improving Teacher Quality	TRS1	84.367	6,209	6,209
Innovative Education Program Strategy	C2S1	84.298	2,955	2,955
Total United States Department of Education			946,275	944,178
Total Federal Financial Assistance			<u>\$ 1,979,127</u>	<u>\$ 1,977,030</u>

N=Direct Assistance from Federal Government

See accompanying notes to the Schedule of Federal Awards Expenditures

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS

Notes to the Schedule of Federal Awards Expenditures

For the Fiscal Year Ended June 30, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B- GUARANTEED STUDENT LOANS

Non-monetary assistance is reported in the schedule at the dollar amount of guaranteed student loans disbursed.

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Ohio Society of Certified Public Accountants

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*

Members of the Board
Eastland-Fairfield Career & Technical Schools
4300 Amalgamated Place
Groveport, Ohio 43125

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career & Technical Schools, (the District), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008, in which we indicate that the District implemented GASB Statements No. 50, No. 45, and No. 48. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

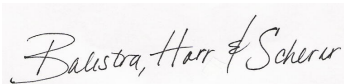
A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial misstatement.

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

Compliance and Other Matters

As part of obtaining reasonably assuring whether the District's financial statements are free of material misstatement, we tested compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially effect 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*.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 19, 2008

BALESTRA, HARR & SCHERER CPAs, INC.

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Ohio Society of Certified Public Accountants

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board
Eastland-Fairfield Career & Technical Schools
4300 Amalgamated Place
Groveport, Ohio 43125

Compliance

We have audited the compliance of the Eastland-Fairfield Career & Technical Schools, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District'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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Internal Control Over Compliance

The management of the District 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 District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

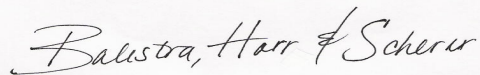
Internal Control Over Compliance (Continued)

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

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.

December 19, 2008

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2008

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs= Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education – Basic Grants to States 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

EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2008

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

EASTLAND FAIRFIELD CAREER AND TECHNICAL SCHOOLS
FRANKLIN 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
MARCH 19, 2009