PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008

Mary Taylor, CPA
Auditor of State

PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Pickaway-Ross Career and Technology Center
Ross County
895 Crouse Chapel Road
Chillicothe, Ohio 45601

To the Board of Education:

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway-Ross Career and Technology Center, Ross County, Ohio (the Center), as of and for the year ended June 30, 2008, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway-Ross Career and Technology Center, Ross County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Adult Education funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2009, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements. The federal awards receipts and expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 6, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Pickaway Ross Career & Technology Center's (the Center) discussion and analysis of the annual financial statements 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 Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

FINANCIAL HIGHLIGHTS

- The Center's assets exceeded its liabilities at June 30, 2008 by $22,506,379.

- General revenues accounted for $15,827,651 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $4,862,715 or 24 percent of total revenues of $20,690,366.

- The Center had $19,181,200 in expenses related to governmental activities; $4,862,715 of these expenses were offset by program specific charges for services and sales, grants, and contributions, while the remainder of these expenses were offset by general revenues.

- The Center has three major funds; the General fund, the Adult Education fund and the Construction fund. All governmental funds had total revenues and other financing sources of $27,156,758 and expenditures and other financing uses of $32,185,472.

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 Pickaway Ross Career & Technology Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the Center as a whole and present a long-term view of the Center'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 Center's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE CENTER AS A WHOLE

The analysis of the Center as a whole begins with the Statement of Net Assets and the Statement of Activities. These Statements provide information that will help the reader to determine whether the Center 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 Center's net assets and changes to those assets. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the Center's financial well-being. Some of these factors include the Center'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 Center has only one kind of activity.

- Governmental Activities. All of the Center's programs and services (except for Agency Funds) are reported here including instruction, support services, operation of non-instructional services, and extracurricular activities.

REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the Center's funds begins on page 8. Fund financial statements provide detailed information about the Center's major funds – not the Center 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 Center is meeting legal responsibilities for use of grants. The Pickaway-Ross Career & Technology Center's major funds are the General fund, Adult Education fund and the Construction fund.

Governmental Funds. Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 Center'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 fund reporting focuses on the determination of operating receipts over (under) operating disbursements and changes in net assets. Proprietary funds are classified as enterprise or internal service and the Center only has an internal service fund which is used to account for their self-insurance program for employee medical and dental claims. This fund is reported using the accrual basis of accounting.

Fiduciary Funds. The Center only has agency funds. All of the Center's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Center's other financial statements because the Center cannot use these assets to finance its operations. The Center 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 CENTER AS A WHOLE

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

Table 1
Net Assets

	2008	2007
Assets		
Current and Other Assets	$ 18,864,391	$ 27,514,382
Capital Assets, Net	18,801,705	6,851,323
Total Assets	37,666,096	34,365,705
Liabilities		
Current and Other Liabilities	10,286,831	8,251,871
Long-Term Liabilites	4,872,886	5,116,621
Total Liabilities	15,159,717	13,368,492
Net Assets		
Invested in Capital Assets		
Net of Debt	15,892,377	4,800,526
Restricted	2,372,920	13,613,927
Unrestricted	4,241,082	2,582,760
Total Net Assets	$ 22,506,379	$ 20,997,213

Capital assets of the Center increased $11,950,382. This increase is due to construction in progress resulting from an Ohio School Facilities Commission (OSFC) grant received by the Center. Intergovernmental receivables decreased by $6,452,192, due to the collection of the OSFC grant in 2008. Taxes receivable increased $741,274 due to higher expected tax revenues related to the recent levy passage and increased assessed valuations of property. Current and other liabilities increased $2,034,960. This increase is due to an increase in contracts payable for construction as discussed above. Deferred revenue also increased significantly as discussed above with the increase in taxes receivable.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008 as compared to 2007.

Table 2
Change in Net Assets

	2008	2007*
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 1,852,515	$ 2,183,581
Operating Grants and Contributions	3,010,200	2,834,366
Total Program Revenues	4,862,715	5,017,947
General Revenues:		
Property Taxes	5,159,866	4,448,663
Grants and Entitlements Restricted to Classroom Facilities Projects	766,137	47,438
Grants and Entitlements Not Restricted to Specific Programs	9,259,916	8,710,578
Investment Earnings	482,899	543,132
Gifts & Donations	2,783	1,503
Payments in Lieu of Taxes	6,924	5,879
Gain on Sale of Capital Assets	28,054	16,222
Miscellaneous	121,072	364,783
Total General Revenues	15,827,651	14,138,198
Total Revenues	20,690,366	19,156,145
Program Expenses		
Instruction		
Regular	890,704	921,076
Vocational	13,052,173	11,265,922
Adult/Continuing	82,336	75,425
Support Services		
Pupils	1,693,765	1,668,321
Instructional Staff	1,098,253	1,182,773
Board of Education	55,739	59,469
Administration	411,895	391,678
Fiscal	480,336	493,616
Operation & Maintenance of Plant	1,071,827	737,949
Pupil Transportation	15,352	15,735
Central	30,211	54,431
Operation of Non-Instructional Services	289,856	252,034
Extracurricular Activities	7,827	13,441
Interest & Fiscal Charges	926	3,384
Total Expenses	19,181,200	17,135,254
Change in Net Assets	1,509,166	2,020,891
Net Assets at Beginning of Year	20,997,213	18,976,322
Net Assets at End of Year	$ 22,506,379	$ 20,997,213

* Certain reclassifications have been made to the prior year for consistency. These reclassifications had no effect on prior year fund balance.

The most significant increases were in grants and entitlements not restricted to specific programs and property tax revenue. The increase to grants and entitlements was due to the Ohio School Facilities Commission grant received by the Center. The increase to property tax revenue is due to the full year of collections of a 1 mill operating levy passed in May of 2006. The increase in operation and maintenance of plant is due primarily to modular building rentals during the construction process.

Governmental Activities

Operating grants and contributions and grants and entitlements not restricted to specific programs comprised 15 percent and 45 percent of revenue while property taxes comprised 25 percent for governmental activities of the Pickaway-Ross Career & Technology Center for fiscal year 2008 and represent the largest sources of revenue.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 73 percent of governmental program expenses with support services comprising 25 percent of governmental expenses. The Board of Education relies on taxes, grants and entitlements to support increased student achievement within the Center.

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 grants and 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	$ 14,025,213	$ 11,395,938	$ 12,262,423	$ 9,417,387
Support Services	4,857,378	3,722,287	4,603,972	3,331,521
Operation of Non-Instructional Services	289,856	(808,371)	838,915	(648,248)
Extracurricular Activities	7,827	7,705	13,441	13,263
Interest and Fiscal Charges	926	926	3,384	3,384
Total Expenses	$ 19,181,200	$ 14,318,485	$ 17,722,135	$ 12,117,307

THE CENTER'S FUNDS

The Center's governmental funds are accounted for using the modified accrual basis of accounting. The most significant change in the Center's total fund balance was in the Construction major capital projects fund.

The Construction fund was implemented in fiscal year 2006 for the purpose of accounting for all monies received and expended in connection with contracts entered into by the Center for the building and equipping of classroom facilities. This fund had revenues of $7,194,870 and expenditures of $14,158,198 resulting in a $6,963,328 decrease to fund balance at June 30, 2008 due primarily to construction expenditures during the fiscal year and contracts payable.

The General fund had $15,695,885 in revenues and other financing sources and $13,672,531 in expenditures and transfers. The General fund balance increased $2,023,354, as property taxes increased by almost $800,000, and intergovernmental increased by almost $650,000, while expenditures remained consistent with the prior year.

The Adult Education fund had revenues of $2,846,955 and expenditures of $3,014,247 resulting in a $167,292 decrease in fund balance.

General Fund Budgeting Highlights

The Center'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. The General fund was the most significant budgeted fund.

During 2008, there were several revisions to the General fund budget. In part, these revisions increased estimated resources by $56,688 and increased estimated appropriations by $22,805. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The General fund's ending unobligated cash balance was $116,196 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the Center had $18,801,705 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2008 balances compared to 2007.

Table 4
Capital Assets
(Net of Accumulated Depreciation)
Governmental Activities

	2008	2007
Land	$ 186,368	$ 186,368
Construction in Progress	16,525,816	4,445,381
Buildings and Improvements	765,047	837,289
Furniture and Equipment	1,271,017	1,351,239
Vehicles	53,457	31,046
Totals	$ 18,801,705	$ 6,851,323

Changes in capital assets from the prior year resulted from additions, deletions and depreciation expense. Please see note 8 to the basic financial statements for additional information regarding capital assets.

Debt

At June 30, 2008, the Center had $3,827,149 outstanding capital leases with $279,627 due within one year.

At June 30, 2008 the Center's overall legal debt margin was $167,462,475 with an unvoted debt margin of $1,860,694. Please see note 14 to the basic financial statements for additional information regarding long-term obligations.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ben Vanhorn, Treasurer, Pickaway Ross Career & Technology Center, 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

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Pickaway-Ross Career & Technology Center
Statement of Net Assets
As of June 30, 2008

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 11,158,469
Cash and Cash Equivalents with Fiscal Agents	739,320
Accrued Interest Receivable	18,491
Accounts Receivable	440,444
Intergovernmental Receivable	851,726
Taxes Receivable	5,108,269
Restricted Cash and Cash Equivalents	547,672
Noncurrent Assets:	
Non-Depreciable Capital Assets	16,712,184
Capital Assets, net	2,089,521
Total Assets	37,666,096
LIABILITIES:	
Current Liabilities:	
Accounts Payable	148,822
Accrued Wages and Benefits	1,167,365
Contracts Payable	3,273,487
Retainage Payable	547,672
Intergovernmental Payable	433,041
Deferred Revenue	4,519,185
Claims Payable	197,259
Noncurrent Liabilities:	
Due Within One Year	382,019
Due in More Than One Year	4,490,867
Total Liabilities	15,159,717
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	15,892,377
Restricted for Capital Outlay	1,009,553
Restricted for Adult Education	961,728
Restricted for Other Purposes	401,639
Unrestricted	4,241,082
Total Net Assets	$ 22,506,379

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

Pickaway-Ross Career & Technology Center
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:				
Instruction:				
Regular	$ 890,704	$ 8,202	$ -	$ (882,502)
Vocational	13,052,173	554,513	2,006,589	(10,491,071)
Adult/Continuing	82,336	15,728	44,243	(22,365)
Support Services:				
Pupils	1,693,765	221,079	607,754	(864,932)
Instructional Staff	1,098,253	67,652	169,985	(860,616)
Board of Education	55,739	245	-	(55,494)
Administration	411,895	11,706	23,286	(376,903)
Fiscal	480,336	6,063	4,657	(469,616)
Operation and Maintenance of Plant	1,071,827	10,621	2,329	(1,058,877)
Pupil Transportation	15,352	2,483	6,986	(5,883)
Central	30,211	245	-	(29,966)
Operation of Non-Instructional Services	289,856	953,856	144,371	808,371
Extracurricular Activities	7,827	122	-	(7,705)
Debt Service:				
Interest and Fiscal Charges	926	-	-	(926)
Total Governmental Activities	$ 19,181,200	$ 1,852,515	$ 3,010,200	(14,318,485)

General Revenues:	
Property Taxes Levied for:	
General Purposes	5,159,866
Grants and Entitlements Restricted to Classroom Facilities Projects	766,137
Grants and Entitlements not Restricted to Specific Programs	9,259,916
Gifts and Donations not Restricted to Specific Programs	2,783
Investment Earnings	482,899
Payments in Lieu of Taxes	6,924
Gain on Sale of Capital Assets	28,054
Miscellaneous	121,072
Total General Revenues	15,827,651
Change in Net Assets	1,509,166
Net Assets at Beginning of Year	20,997,213
Net Assets at End of Year	$ 22,506,379

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

Pickaway-Ross Career & Technology Center
Balance Sheet
Governmental Funds
As of June 30, 2008

	General Fund	Adult Education Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	$ 5,856,250	$ 836,820	$ 3,441,041	$ 592,010	$ 10,726,121
Accrued Interest Receivable	13,840	-	4,651	-	18,491
Accounts Receivable	-	440,444	-	-	440,444
Interfund Receivable	146,685	-	-	-	146,685
Intergovernmental Receivable	-	-	837,348	14,378	851,726
Taxes Receivable	5,108,269	-	-	-	5,108,269
Restricted Cash and Cash Equivalents	-	-	547,672	-	547,672
Total Assets	$ 11,125,044	$ 1,277,264	$ 4,830,712	$ 606,388	$ 17,839,408
LIABILITIES:					
Accounts Payable	$ 58,514	$ 83,488	$ -	$ 6,820	$ 148,822
Accrued Wages and Benefits	1,085,990	72,878	-	8,497	1,167,365
Contracts Payable	-	-	3,273,487	-	3,273,487
Retainage Payable	-	-	547,672	-	547,672
Interfund Payable	-	-	-	146,685	146,685
Intergovernmental Payable	332,263	79,464	-	21,314	433,041
Deferred Revenue	4,683,451	-	837,348	-	5,520,799
Total Liabilities	6,160,218	235,830	4,658,507	183,316	11,237,871
FUND BALANCES:					
Reserved:					
Reserved for Encumbrances	212,791	74,632	733,590	55,599	1,076,612
Reserved for Property Taxes	404,804	-	-	-	404,804
Unreserved, Undesignated, Reported in:					
General Fund	4,347,231	-	-	-	4,347,231
Special Revenue Funds	-	966,802	-	367,473	1,334,275
Capital Projects Funds	-	-	(561,385)	-	(561,385)
Total Fund Balances	4,964,826	1,041,434	172,205	423,072	6,601,537
Total Liabilities and Fund Balances	$ 11,125,044	$ 1,277,264	$ 4,830,712	$ 606,388	$ 17,839,408

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

Pickaway-Ross Career & Technology Center
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
As of June 30, 2008

Total Governmental Fund Balances		$ 6,601,537
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.		18,801,705
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	164,266	
Intergovernmental	837,349	
Total		1,001,615
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.		974,408
Long-term liabilities, including 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.		
Compensated Absences	(1,045,737)	
Capital Lease Obligations	(3,827,149)	
Total		(4,872,886)
Net Assets of Governmental Activities		$ 22,506,379

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

Pickaway-Ross Career & Technology Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General Fund	Adult Education Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	$ 5,170,865	$ -	$ -	$ -	$ 5,170,865
Intergovernmental	9,941,557	1,227,958	7,046,578	1,073,516	19,289,609
Interest	334,607	-	148,292	-	482,899
Tuition and Fees	83,570	717,352	-	-	800,922
Rent	2,013	110,463	-	-	112,476
Gifts and Donations	2,783	10,335	-	16,750	29,868
Customer Sales and Services	36,831	756,060	-	146,226	939,117
Payments in Lieu of Taxes	6,924	-	-	-	6,924
Miscellaneous	86,744	24,787	-	9,541	121,072
Total Revenues	15,665,894	2,846,955	7,194,870	1,246,033	26,953,752
EXPENDITURES:					
Current:					
Instruction:					
Regular	900,451	-	-	-	900,451
Vocational	8,958,297	1,800,991	-	696,025	11,455,313
Adult/Continuing	-	-	-	81,441	81,441
Support Services:					
Pupils	533,844	1,009,009	-	120,168	1,663,021
Instructional Staff	790,029	204,247	-	109,848	1,104,124
Board of Education	21,490	-	-	-	21,490
Administration	374,531	-	-	42,976	417,507
Fiscal	475,762	-	-	7,039	482,801
Operation and Maintenance of Plant	1,050,170	-	-	5,205	1,055,375
Pupil Transportation	458	-	-	11,809	12,267
Central	29,817	-	-	-	29,817
Operation of Non-Instructional Services	20,158	-	-	265,985	286,143
Extracurricular Activities	7,827	-	-	-	7,827
Capital Outlay	-		14,158,198		14,158,198
Debt Service:					
Principal	285,756	-	-	-	285,756
Interest	926	-	-	-	926
Total Expenditures	13,449,516	3,014,247	14,158,198	1,340,496	31,962,457
Excess of Revenues Over (Under) Expenditures	2,216,378	(167,292)	(6,963,328)	(94,463)	(5,008,705)
OTHER FINANCING SOURCES (USES):					
Transfers-In	-	-	-	173,015	173,015
Proceeds from Sale of Capital Assets	29,991	-	-	-	29,991
Transfers - Out	(223,015)	-	-	-	(223,015)
Total Other Financing Sources (Uses)	(193,024)	-	-	173,015	(20,009)
Net Change in Fund Balances	2,023,354	(167,292)	(6,963,328)	78,552	(5,028,714)
Fund Balances at Beginning of Year	2,941,472	1,208,726	7,135,533	344,520	11,630,251
Fund Balances at End of Year	$ 4,964,826	$ 1,041,434	$ 172,205	$ 423,072	$ 6,601,537

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

Pickaway-Ross Career & Technology Center
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		$ (5,028,714)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay was exceeded by depreciation in the current period.		
Capital Asset Additions	12,310,530	
Current Year Depreciation	(358,211)	
Total		11,952,319
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 amount of the gain on the disposal of capital assets and the proceeds from the sale of these capital assets.		
Proceeds from Sale of Capital Assets	(29,991)	
Gain on Sale of Capital Assets	28,054	
Total		(1,937)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(10,999)	
Intergovernmental	(6,280,440)	
Total		(6,291,439)
Repayment of capital lease 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.		285,756
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-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.		635,202
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	(42,021)	
Total		(42,021)
Net Change in Net Assets of Governmental Activities		$ 1,509,166

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

Pickaway Ross Career & Technology Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget: Positive
	Original Budget	**Final Budget**	**Actual**	**(Negative)**
Total Revenues and Other Sources	$ 15,730,753	$ 15,787,441	$ 15,817,429	$ 29,988
Total Expenditures and Other Uses	14,074,936	14,097,741	14,243,925	(146,184)
Net Change in Fund Balance	1,655,817	1,689,700	1,573,504	(116,196)
Fund Balance, July 1, 2007	3,896,274	3,896,274	3,896,274	-
Prior Year Encumbrances Appropriated	156,486	156,486	156,486	-
Fund Balance, June 30, 2008	$ 5,708,577	$ 5,742,460	$ 5,626,264	$ (116,196)

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

Pickaway Ross Career & Technology Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget: Positive
	Original Budget	**Final Budget**	**Actual**	**(Negative)**
Total Revenues and Other Sources	$ 3,296,246	$ 2,332,561	$ 3,066,718	$ 734,157
Total Expenditures and Other Uses	4,074,754	3,111,069	3,111,069	-
Net Change in Fund Balance	(778,508)	(778,508)	(44,351)	734,157
Fund Balance, July 1, 2007	745,112	745,112	745,112	-
Prior Year Encumbrances Appropriated	33,396	33,396	33,396	-
Fund Balance, June 30, 2008	$ -	$ -	$ 734,157	$ 734,157

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

Pickaway Ross Career & Technology Center
Statement of Fund Net Assets
Internal Service Fund
As of June 30, 2008

		Internal Service Fund
ASSETS:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$	432,347
Cash and Cash Equivalents with Fiscal Agents		739,320
Total Assets		1,171,667
LIABILITIES:		
Current Liabilities:		
Claims Payable		197,259
Total Liabilities		197,259
NET ASSETS:		
Unrestricted	$	974,408

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

Pickaway Ross Career & Technology Center
Statement of Revenues, Expenses and
Changes In Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2008

		Internal Service Fund
Operating Revenues:		
Charges for Services	$	3,955,249
Total Operating Revenue		3,955,249
Operating Expenses:		
Purchased Services		2,171,616
Claims Expense		1,198,431
Total Operating Expenses		3,370,047
Operating Income		585,202
Transfer - In		50,000
Change in Net Assets		635,202
Net Assets at Beginning of Year		339,206
Net Assets at End of Year	$	974,408

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

Pickaway Ross Career & Technology Center
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2008

		Internal Service Fund
Increase in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash Received from Transactions with Other Funds	$	3,955,249
Cash Payments for Vendor Payments		(2,171,616)
Cash Payments for Claims		(1,534,776)
Net Cash Provided by Operating Activities		248,857
Cash Flows from Noncapital Financing Activities:		
Short Term Loan to Funds		92,898
Transfers - In		50,000
Net Cash Provided by Noncapital Financing Activities		142,898
Net Increase in Cash and Cash Equivalents		391,755
Cash and Cash Equivalents at Beginning of Year		779,912
Cash and Cash Equivalents at End of Year	$	1,171,667
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$	585,202
Changes in Liabilities:		
Decrease in Claims Payable		(336,345)
Net Cash Provided by Operating Activities	$	248,857

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

Pickaway Ross Career & Technology Center
Statement of Fiduciary Assets and Liabilities
Agency Funds
As of June 30,2008

ASSETS	
Equity in Pooled Cash and Cash Equivalents	$ 50,883
Total Assets	$ 50,883
LIABILITIES	
Undistributed Monies	$ 50,883
Total Liabilities	$ 50,883

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

NOTE 1 - DESCRIPTION OF THE CENTER AND REPORTING ENTITY

Pickaway-Ross Career & Technology Center (the "Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board form of government consisting of eleven representatives from the various elected City and County School Boards within Pickaway and Ross Counties. The Center possesses its own budgeting and taxing authority. The Center exposes students to job training leading to employment upon graduation from high school.

The Center was established in 1970 through the cooperation of all school districts involved. The Center serves an area of approximately 1,090 square miles. It is located in Ross County, and includes the school districts within Ross and Pickaway Counties. It is staffed by 34 non-certificated employees and 120 certificated full-time teaching personnel who provide services to 1,121 students and other community members. The Center currently operates 2 instructional buildings.

Reporting Entity:

The Center is a jointly governed organization, legally separate from other organizations. The Board of Education of the Center is not directly elected, although no other school district appoints a voting majority of the Board. None of the school districts that appoint Board members are financially accountable for the Center.

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

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

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

- Ross-Pike Educational Service District
- Cities of Chillicothe and Circleville
- Participating Local/City School Districts
- Pickaway Educational Service Center

The Center is associated with four organizations, two of which are defined as jointly governed organizations, one as a claims servicing pool, and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association, Great Seal Education Network of Tomorrow, Ross County School Employees Insurance Consortium and the Ohio Association of School Business Officials' Workers' Compensation Group Rating Plan, respectively. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pickaway-Ross Career & Technology Center have been prepared in conformity with accounting principles generally accepted in 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 more significant of the Center's accounting policies are described below.

Fund Accounting

The Center'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 Center 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 are the Center’s major governmental funds:

General Fund

The General Fund is the general operating fund of the Center 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 Center for any purpose provided it is expended or transferred according to the school laws of Ohio.

Adult Education

The Adult Education Fund is used to account for all revenues and expenditures related to the provision of credit and noncredit classes to the community.

Construction

The Construction Fund is used to account for all monies received and expended in connection with contracts entered into by the Center and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

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

Proprietary Funds

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Pickaway-Ross Career and Technology Center on a cost reimbursement basis. The Center's only internal service fund accounts for the self-insurance program for employee medical and dental claims.

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 Center'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 Center's only agency funds are funds used to account for student-managed activities.

Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of governmental activities of the Center at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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 Center. 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 Center.

Fund Financial Statements

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

Like the government-wide statements, proprietary funds 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 fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Center 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 bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from 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 fee and rentals.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 as payments come due each period 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 Center 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 amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Encumbrances

Encumbrance accounting is utilized by the Center 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 budgetary statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash received by the Center is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the General Fund except those specifically related to those funds deemed appropriate according to Board of Education policy. Interest earned during fiscal year 2008 was $482,899, which was credited to the General fund and the Construction fund in the amounts of $334,607 and $148,292 respectively.

The Center records all its investments at fair value. For presentation on the financial statements, investments of the cash management pool are considered to be cash equivalents. The Center has invested in the State Treasury Asset Reserve of Ohio (STAROhio) and repurchase agreements 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.

Investments with original maturities of three months or less at the time they are purchased by the Center are reported as cash equivalents.

The Center has $739,320 in a bank account set aside for the self insurance program which is recorded as “Cash and Cash Equivalents with Fiscal Agents.”

Capital Assets and Depreciation

All capital assets of the Center are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of $1,000. The Center 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	Estimated Lives
Buildings and Improvements	10-40 years
Furniture and Equipment	5-20 years
Vehicles	5 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivables” and “Interfund Payables.” These amounts are eliminated in the governmental activities column of the statement of net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Center 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 Center has identified as probable of receiving payment in the future. The Center 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 Center's severance policy.

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

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 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 improvements 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 Center or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net assets restricted for other purposes include federal and state grants restricted to expenditures for specified purposes.

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

As of June 30, 2008, of the Center's $2,372,920 restricted net assets, none were 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 year 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.

NOTE 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 are eliminated in the governmental activities column of the statement of activities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 Center, these revenues are 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. Revenues and expenses not meeting these definitions are reported as non-operating.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, grantors, laws or other governments or imposed by enabling legislation. Restricted assets in the Construction fund represent cash held as retainage for contractors.

NOTE 3 – ACCOUNTABILITY

The Food Service and ABLE special revenue funds had deficit fund balances of $115,576 and $2,118, 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.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balances 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 (Budgetary Basis) – General fund and Adult Education fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP 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).

NOTE 4 – BUDGETARY BASSIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

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

Net Change in Fund Balances

	General	Adult Education
GAAP Basis	$2,023,354	$ (167,292)
Adjustments:		
Revenue Accruals	121,544	219,763
Expenditure Accruals	(341,408)	5,841
Encumbrances	(229,986)	(102,663)
Budget Basis	$1,573,504	$ (44,351)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim 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;

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

4. Bonds 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;

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 Center 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 Center’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 Center’s total average portfolio.

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

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

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

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Center’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 Center’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 Center’s bank balance of $2,258,102 was either covered by FDIC or collateralized by the financial institutions’ public entity deposit pools in the manner described above.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Investments: At June 30, 2008, the Center had the following investments:

	Fair Value	Weighted Average Maturity (Yrs.)
Repurchase Agreement	$5,481,620	< 1 year
STAROhio	4,180,472	< 1 year
Total Fair Value	$9,662,092	

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 Center 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 Center's policy does not address credit risk beyond the requirements of the Ohio Revised Code. The Center limits their investments to Repurchase Agreements and STAROhio. Investments in STAROhio were rated AAAm by Standard & Poor's. Repurchase Agreements were unrated.

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 Center'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 Center has invested 100% in investments with no weighted maturity. More than 5 percent of the Center's investments are in STAROhio and repurchase agreements. These investments were 43% and 57%, respectively, of the Center's total investments as of June 30, 2008.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Center does not have a policy for custodial credit risk. The STAROhio investments are held in the name of the Center; however, the Center's repurchase agreements are exposed to custodial credit risk in that they are either uninsured, unregistered, or held by the counterparty's trust department or agent, but not in the Center's name.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Center. 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 2008 for tangible personal property (other than public utility property) are for calendar year 2008 taxes.

NOTE 6 - PROPERTY TAXES (Continued)

2008 real property taxes are levied after April 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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, 2007 and are collected in 2008 with real property taxes.

2008 tangible personal property taxes are levied after April 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are six and one quarter 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 Center due to the phasing out of the tax. In calendar years 2006 through 2010, the Center will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011 through 2017, the reimbursements will be phased out.

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	$1,528,218,490	85.78%	$1,671,090,070	89.81%
Public Utility	107,142,760	6.01%	91,216,290	4.90%
Tangible Personal Property	146,280,837	8.21%	98,387,805	5.29%
Total Assessed Value	$1,781,642,087	100.00%	$1,860,694,165	100.00%
Tax rate per $1,000 of assessed valuation	$4.20		$4.20	

The Center receives property taxes from Pickaway, Ross and Hocking Counties. The county auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties 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 which 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. The amount available as an advance at June 30, 2008, was $404,804 in the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008, consisted of property taxes, accounts (billings for user charged services, tuition and student fees), interest, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Major Capital Projects Fund:	
Construction	$ 837,348
Non-major Special Revenue Funds:	
Post Secondary Voc. Ed.	14,378
Total Non-major Special Revenue Funds	14,378
Total Intergovernmental Receivable	$ 851,726

NOTE 8 - 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	$ 186,368	$ -	$ -	$ 186,368
Construction in Progress	4,445,381	12,080,435	-	16,525,816
Total Capital Assets, Not Being Depreciated	4,631,749	12,080,435	-	16,712,184
Capital Assets Being Depreciated:				
Buildings and Improvements	5,311,523	-	-	5,311,523
Furniture and Equipment	3,928,929	200,268	(151,955)	3,977,242
Vehicles	79,850	29,827	-	109,677
Total Capital Assets Being Depreciated	9,320,302	230,095	(151,955)	9,398,442
Less Accumulated Depreciation:				
Buildings and Improvements	(4,474,234)	(72,242)	-	(4,546,476)
Furniture and Equipment	(2,577,690)	(278,553)	150,018	(2,706,225)
Vehicles	(48,804)	(7,416)	-	(56,220)
Total Accumulated Depreciation	(7,100,728)	(358,211)	150,018	(7,308,921)
Total Capital Assets Being Depreciated, Net	2,219,574	(128,116)	(1,937)	2,089,521
Governmental Activities Capital Assets, Net	$ 6,851,323	$11,952,319	$ (1,937)	$ 18,801,705

NOTE 8 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Adult/Continuing	$ 572
Vocational	289,798
Support Services:	
Pupils	18,435
Board of Education	34,249
Administration	735
Fiscal	977
Operation and Maintenance of Plant	9,966
Pupil Transportation	3,085
Central	394
Total Depreciation Expense	$ 358,211

NOTE 9 - RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Center contracted with Indiana Insurance for fleet, liability, property, and boiler and machinery insurance.

Coverages provided by this company are as follows:

Building and Contents ($1,000 deductible)	$20,105,647
Boiler and Machinery ($5,000 deductible)	20,000,000
Earthquake	8,000,000
Automobile Liability ($100 deductible)	1,000,000
Uninsured Motorists ($250 Comprehensive, $500 Collision deductibles)	1,000,000
Employee Benefits Liability ($1,000)	1,000,000
General Liability ($100 deductible)	
Per occurrence	1,000,000
Aggregate	2,000,000

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

For fiscal year 2008, the Center participated in the Ohio Association of School Business Officials 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 Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. 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 Sheakley Uniserve provides administrative, cost control and actuarial services to the GRP.

NOTE 9 - RISK MANAGEMENT (Continued)

Medical/surgical and dental insurance is offered to employees through self-insurance accounted for in an Internal Service Fund. The Center is a member of a claims servicing pool, consisting of thirteen school districts within Ross and Pickaway Counties, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Center's behalf. The medical claims liability of $197,259 reported in the internal service fund at June 30, 2008 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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	$471,511	$1,531,613	$1,469,520	$533,604
2008	533,604	1,198,431	1,534,776	197,259

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description - The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board up to a statutory authority for member and employer contributions. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were $171,123, $183,832, and $161,756, respectively; 49% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006.

State Teachers Retirement System

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were $1,106,866, $1,129,854, and $1,551,462, respectively; 84% has been contributed for the fiscal year 2008 and 100% for the fiscal year 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were $26,590 made by the Center and $31,140 made by the plan members.

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.

NOTE 11 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

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

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was $34,526.

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

The Center's contributions for health care for the fiscal years 2008, 2007, and 2006 were $96,042, $90,022, and $81,134, respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007 and 2006.

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 2008, this actuarially required allocation was 0.66 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were $11,534, $8,929, and $9,012 respectively, which equaled the required contributions for the year.

State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee member do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years 2008, 2007, and 2006 were $85,038, $84,587, and $114,678, respectively.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 285 days for all personnel. Upon retirement, payment is made for one-fourth of the first 120 days of accrued, but unused sick leave credit, plus one-tenth of days 121 through 285, to a maximum of 46 and one-half days for all employees.

NOTE 12 - EMPLOYEE BENEFITS (Continued)

B. Insurance Benefits

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

C. Deferred Compensation

Center employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

In previous fiscal years, the Center entered into capitalized leases for vehicles, equipment, furniture and fixtures, and copiers. During fiscal year 2006, the Center issued Qualified Zone Academy Bonds (QZAB) in the amount of $5,220,000 at 0% interest, maturing in 2021. The terms of these QZAB are structured as a non-certificated lease-purchase agreement. This agreement also included a grant in the amount of $853,820, making the total amount to be repaid $4,366,180.

Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

The capital assets acquired by the leases have been capitalized in the statement of net assets for governmental activities in the amount of $4,606,520. This amount represents 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 $285,756.

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:

Fiscal Year Ending June 30,	Principal & Interest
2009	$279,955
2010	272,886
2011	272,886
2012	272,886
2013	272,886
2014-2017	1,364,431
2019-2022	1,091,546
Total	3,827,476
Less: Amount Representing Interest	(327)
Present Value of Net Minimum Lease Payments	$3,827,149

NOTE 14 - LONG-TERM OBLIGATIONS

Long-term debt and other obligations at June 30, 2008 and the related transactions for the year then ended are summarized below:

	Principal Outstanding 6/30/07	Additions	Deductions	Principal Outstanding 6/30/08	Amount Due Within One Year
Capital Leases*	$4,112,905	$-	$285,756	$3,827,149	$279,627
Compensated Absences	1,003,716	1,045,737	1,003,716	1,045,737	102,392
Total Long Term Obligations	$5,116,621	$1,045,737	$1,289,472	$4,872,886	$382,019

* Certain reclassifications were made to beginning balances which did not have an effect on beginning net assets, as certain debt was reclassified as part of capital leases.

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

The Center's overall legal debt margin was $167,462,475 and an unvoted debt margin of $1,860,694 at June 30, 2008.

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2008, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivables	Interfund Payables
General Fund	$146,685	$-
Non-major Special Revenue Funds:		
Food Service	-	96,332
Post Secondary	-	25,778
Business MGMT Tech Prep	-	20,975
Perkins	-	3,600
Total Non-major Special Revenue	-	146,685
Total All Funds	$146,685	$146,685

All of the above interfund balances relate to advances from the General Fund in anticipation of the receipt of grant monies for Special Revenue Funds. For reporting purposes of reporting in the government-wide financial statements all interfund receivables and payables were eliminated.

NOTE 15 - INTERFUND ACTIVITY (Continued)

For the fiscal year ended June 30, 2008, transfers in and out that resulted from various interfund transactions were as follows:

Fund Type/Fund	Transfer From	Transfer To
Major Fund:		
General Fund	$223,015	$-
Non-major Special Revenue Fund:		
OSFC Maintenance	-	173,015
Non-major Internal Service Fund:		
Internal Service	-	50,000
Total All Funds	$223,015	$223,015

The General Fund transferred monies to the Ohio School Facilities Maintenance and Internal Service funds to subsidize these funds.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The Center is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Pickaway, Gallia, Scioto, Brown, Ross, Vinton, Jackson and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eleven participating counties, two school treasurers, and a representative for the fiscal agent. SCOCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The Center paid SCOCA $96,645 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Great Seal Education Network of Tomorrow - The Center is a member of the Great Seal Education Network of Tomorrow (the “Council”). The Council is a regional council of governments consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the Board of Education) of each of the members. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

NOTE 17 - CLAIMS SERVICING AND INSURANCE PURCHASING POOLS

Ross County School Employees Insurance Consortium - The Center is a member of the Ross County School Employees Insurance Consortium (the “Consortium”), a claims servicing pool consisting of thirteen school districts within Ross County and its surrounding area during fiscal year 2008. Medical/surgical, dental, vision, and life insurance is administered through a third party administrator, Professional Risk Management Co., depending on which coverages the individual member district chooses. The Consortium’s business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the Ross-Pike Educational Service Center, Erin Kirby who serves as Treasurer, at 475 Western Avenue, Chillicothe, Ohio 45601.

NOTE 17 - CLAIMS SERVICING AND INSURANCE PURCHASING POOLS (Continued)

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan - The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 18 - SET-ASIDE CALCULATIONS

The Center is required by State statute to annually set aside in the General fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition 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	180,965	180,965
Prior Year Carryover	(328,018)	(175,121)
Qualifying disbursements	(564,919)	(486,615)
Set-aside Balance Carried Forward to Future Years	($711,972)	($480,771)
Set-aside Reserve Balance as of June 30, 2008	$0	$0

The Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Textbooks and Instructional Materials and Capital Maintenance Reserves. These extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

NOTE 19 - CONTINGENCIES

A. Grants

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

B. Litigation

There are currently no matters in litigation with the Center as defendant.

NOTE 20 – CONTRACTUAL COMMITMENT

As of June 30, 2008, the Center had contract purchase commitments for school facilities renovations as follows:

Contractor	Contract Amount	Payments	Balance at 6/30/2008
R.W. Setterlin	$ 5,764,184	$ 4,298,715	$ 1,465,469
Resource International	858,089	706,882	151,207
Gutridge Plumbing	1,268,129	1,023,938	244,191
Emerald Fire	360,450	341,562	18,888
General Temperature Control	4,148,854	3,414,860	733,994
Accurate Electric	2,667,913	2,396,862	271,051
LE King & Sons	192,467	187,524	4,943
Burgess Niple	1,159,734	975,457	184,277
Microman	1,014,071	680,024	334,047
Total	$ 17,433,891	$ 14,025,824	$ 3,408,067

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2008, the Center implemented GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*s. 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 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 expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. 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.

PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	2008	10.553	$ 17,894	$ -	$ 17,894	$ -
Total School Breakfast Program			17,894	-	17,894	-
National School Lunch Program	2008	10.555	69,544	11,033	69,544	11,033
Total National School Lunch Program			69,544	11,033	69,544	11,033
Total Nutrition Cluster			87,438	11,033	87,438	11,033
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**87,438**	**11,033**	**87,438**	**11,033**
U.S. DEPARTMENT OF EDUCATION						
Direct from U.S. Department of Education						
Student Financial Aid Cluster:						
Federal Family Education Loans	2008	84.032	326,978	-	326,978	-
Federal Pell Grant Program	2008	84.063	213,140	-	213,140	-
Total Student Financial Aid Cluster			540,118	-	540,118	-
Passed Through Ohio Department of Education:						
Adult Education-State Grant Program:						
Adult Education-State Grant Program	2007	84.002	-	-	279	-
Adult Education-State Grant Program	2008	84.002	152,105	-	151,552	-
Total Adult Education-State Grant Program			152,105	-	151,831	-
Vocational Education - Basic Grants to States						
Vocational Education - Basic Grants to States	2007	84.048	-	-	18,152	-
Vocational Education - Basic Grants to States	2008	84.048	408,441	-	402,191	-
Total Vocational Education-Basic Grants to States			408,441	-	420,343	-
Safe and Drug Free Schools and Communities State Grant	2008	84.186	6,040	-	6,040	-
State Grants for Innovative Educational Program Strategies	2008	84.298	7,250	-	7,250	-
Improving Teacher Quality State Grants						
Improving Teacher Quality State Grants	2007	84.367	-	-	2,675	-
Improving Teacher Quality State Grants	2008	84.367	12,692	-	12,692	-
Total Improving Teacher Quality State Grants			12,692	-	15,367	-
TOTAL U.S. DEPARTMENT OF EDUCATION			**1,126,646**	**-**	**1,140,949**	**-**
TOTALS			**$ 1,214,084**	**$ 11,033**	**$ 1,228,387**	**$ 11,033**

The accompanying notes to this schedule are an integral part of this schedule.

PICKAWAY-ROSS CAREER TECHNOLOGY CENTER
ROSS COUNTY

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the Center's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

Mary Taylor, CPA
Auditor of State

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

Pickaway-Ross Career and Technology Center
Ross County
895 Crouse Chapel Road
Chillicothe, Ohio 45601

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pickaway-Ross Career and Technology Center, Ross County, Ohio (the Center) as of and for the year ended June 30, 2008, which collectively comprise the Center's basic financial statements and have issued our report thereon dated April 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Center's management in a separate letter dated April 6, 2009.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the Center's management in a separate letter dated April 6, 2009.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 6, 2009

Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Pickaway-Ross Career and Technology Center
Ross County
895 Crouse Chapel Road
Chillicothe, Ohio 45601

To the Board of Education:

Compliance

We have audited the compliance of the Pickaway-Ross Career and Technology Center, Ross County, Ohio (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect the major federal program. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, the Pickaway-Ross Career and Technology Center, Ross County, Ohio complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

In a separate letter to the Center's management dated April 6, 2009, we reported another matter related to federal noncompliance not requiring inclusion in this report.

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Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could directly and materially affect a major federal program 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 Center's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Center's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Center's management in a separate letter dated April 6, 2009.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 6, 2009

PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	**Unqualified**
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	**Yes**
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	**No**
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	**No**
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	**No**
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	**No**
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	**Unqualified**
(d)(1)(vi)	**Are there any reportable findings under § .510?**	**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**

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

FINDING 2008-001

Significant Deficiency/Material Weakness
Financial Statement Misstatements

Sound financial reporting is the responsibility of the Treasurer and the Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008
(Continued)

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

FINDING 2008-001 (Continued)

Significant Deficiency/Material Weakness
Financial Statement Misstatements (Continued)

The following audit adjustments and reclassifications were made to the June 30, 2008 financial statements:

1. Adjustment to decrease Claims Payable and related expenditures by $211,558 in Governmental Activities and Remaining Fund Information for self insurance claims that were recorded twice.

2. Adjustment to decrease Accounts Receivable and Tuition & Fees by $227,904 in Governmental Activities and Adult Education fund for aged receivables not expected to be collected by the Center.

3. Adjustment to increase Pupil Support Services Expenditures and Accounts Payable by $39,668 to accrue expenditures incurred but not paid in Governmental Activities and the Adult Education Fund.

4. Adjustment to decrease contracts payable by $4,340,368 in Governmental Activities and the Construction Fund and to reduce reserve for encumbrances by $2,208,948 in the Construction Fund to properly reflect the amount owed for construction services.

5. Adjustment to reduce both Intergovernmental Receipts and Operation of Non-Instructional Services expenditures by $540,118 in Other Governmental Funds for the activity of an agency fund which was incorrectly classified as a governmental fund.

In addition to the adjustments above, the following audit adjustments and reclassifications were inconsequential to the overall financial statements of the Center and were not posted to the June 30, 2008 financial statements.

1. Entry to decrease interfund payable by $20,975 in Remaining Fund Information for an advance which had already been repaid.

2. Entry to decrease Taxes Receivable and Deferred Revenue by $207,568 in the General Fund, and Taxes Receivable and Tax Revenue by the same amount in Governmental Activities for delinquent taxes that were received in the available period.

The adjustments and reclassifications identified above should be reviewed by the Treasurer to ensure that similar errors are not reported on financial statements in subsequent years. In addition, we recommend the Center adopt procedures for the review of the activity posted to the accounting records and subsequent financial statements.

Officials' Response:
We did not receive a response from Officials to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Mary Taylor, CPA
Auditor of State

PICKAWAY-ROSS CAREER AND TECH CENTER

ROSS 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
MAY 12, 2009

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