

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

Single Audit

June 30, 2010

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Education
Scioto County Career Technical Center
951 Vern Riffe Drive
Lucasville, Ohio 45648

We have reviewed the *Independent Accountants' Report* of the Scioto County Career Technical Center, Scioto County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 28, 2011

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**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

December 29, 2010

Scioto County Career Technical Center
Scioto County
951 Vern Riffe Drive
Lucasville, Ohio 45648

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Scioto County Career Technical Center**, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 Scioto County Career Technical Center, as of June 30, 2010, and the respective changes in financial position 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 December 29, 2010, on our consideration of the School District'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 School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures 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 Schedule of Federal Awards Receipts and Expenditures 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The discussion and analysis of Scioto County Career Technical Center's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2010 are as follows:

- Net assets of governmental activities increased \$346,281.
- General revenues accounted for \$6,796,815 or 67% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$3,401,724 or 33% of total revenues of \$10,198,539.
- The School District had \$9,852,258 in expenses related to governmental activities; only \$3,401,724 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues of \$6,796,815 were adequate to offset the remaining \$6,450,534 cost for these programs.
- The School District has three major funds: the General Fund, the Adult Education Special Revenue Fund, and the Permanent Improvement Capital Projects Fund. All governmental funds had total revenues and other financing sources of \$11,616,628 and expenditures and other financing uses of \$11,271,819.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Adult Education Fund, and the Permanent Improvement Fund.

Governmental Funds

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's fiduciary fund is an agency fund. 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.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1
Statement of Net Assets

	Governmental Activities	
	2010	2009*
Assets		
Current and Other Assets	\$9,455,363	\$11,193,627
Capital Assets, Net	22,688,639	21,946,020
Total Assets	32,144,002	33,139,647
Liabilities		
Current and Other Liabilities	3,193,960	4,482,996
Long-Term Liabilities	3,842,691	3,895,581
Total Liabilities	7,036,651	8,378,577
Net Assets		
Invested in Capital Assets		
Net of Debt	19,407,239	18,650,020
Restricted	3,397,839	3,783,133
Unrestricted	2,302,273	2,327,917
Total Net Assets	\$25,107,351	\$24,761,070

*As restated. See Note 20 to the basic financial statements.

Total net assets of the School District as a whole increased \$346,281. The decrease to total assets of \$995,645 was due primarily to an increase in capital assets in the amount of \$742,619 due mainly to the completion of construction in progress for the renovations to the school building during the fiscal year which were offset by a \$523,474 decrease in cash and cash equivalents (including restricted cash) and a \$824,836 decrease in intergovernmental receivable due to the receipt of the rest of the Ohio School Facilities Commission monies. The \$1,341,926 decrease in total liabilities is due primarily to a \$415,781 decrease to contracts payable and a \$307,273 decrease in retainage payable related to the school facilities construction project and a \$463,232 decrease in deferred revenue related to the decreased intergovernmental receivable previously noted.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2010 and 2009.

Table 2
Change in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009*</u>
Revenues		
Program Revenues		
Charges for Services and Sales	\$ 2,024,245	\$ 1,660,460
Operating Grants and Contributions	1,377,479	1,536,075
Total Program Revenues	<u>3,401,724</u>	<u>3,196,535</u>
General Revenues		
Property Taxes	2,308,435	2,470,806
Grants and Entitlements not Restricted to Specific Programs	4,317,807	4,089,703
Grants and Entitlements Restricted for Classroom Facilities	-	897,886
Investment Earnings	83,447	289,800
Gain on Sale of Capital Assets	4,198	4,103
Miscellaneous	82,928	143,364
Total General Revenues	<u>6,796,815</u>	<u>7,895,662</u>
Total Revenues	<u>10,198,539</u>	<u>11,092,197</u>
Program Expenses		
Instruction:		
Special	122,981	168,755
Vocational	5,510,533	5,696,812
Support Services:		
Pupils	443,702	507,383
Instructional Staff	403,950	531,882
Board of Education	14,572	16,670
Administration	1,309,062	1,491,693
Fiscal	387,358	387,407
Operation and Maintenance of Plant	1,168,266	1,124,671
Pupil Transportation	33,813	16,952
Central	140,703	148,815
Operation of Non-Instructional Services	281,850	319,153
Extracurricular Activities	35,468	34,444
Total Expenses	<u>9,852,258</u>	<u>10,444,637</u>
Increase in Net Assets	346,281	647,560
Net Assets, Beginning of Year	<u>24,761,070</u>	<u>24,113,510</u>
Net Assets, End of Year	<u>\$ 25,107,351</u>	<u>\$ 24,761,070</u>

*As restated. See Note 20 to the basic financial statements.

The increase in grants and entitlements not restricted to specific programs is due to increased funding from the foundation settlements. The decrease in grants and entitlements restricted for Classroom Facilities was due to the project funding ending in the prior fiscal year. The increase to charges for services program revenues is due to the increase in adult attendees. Investment earnings decreased as a result of lower cash levels in banks throughout the year in addition to decreasing interest rates. The decrease in vocational instruction, administration and instructional staff support services is due to the reduction in staffing during the year.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Governmental Activities

Charges for services and sales comprised 20 percent of revenue for governmental activities, while operating grants and contributions comprised 14 percent of revenue for governmental activities of the School District for fiscal year 2010. Grants and entitlements not restricted for specific programs comprised 42 percent of revenue for governmental activities, while property taxes comprised 23 percent of revenue for governmental activities.

As indicated by governmental program expenses, instruction is emphasized. Vocational instruction comprised 56 percent of governmental program expenses. Administration and operation and maintenance of plant support services also comprise significant portions of total expenses, representing 13 percent and 12 percent, respectively.

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

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009*	2009*
Program Expenses				
Instruction:				
Special	\$ 122,981	\$ (259,885)	\$ 168,755	\$ (115,252)
Vocational	5,510,533	3,812,645	5,996,812	4,130,801
Support Services:				
Pupils	443,702	280,618	507,383	296,344
Instructional Staff	403,950	370,332	531,882	508,140
Board of Education	14,572	12,542	16,670	16,510
Administration	1,309,062	658,055	1,491,693	843,423
Fiscal	387,358	377,698	387,407	384,128
Operation and Maintenance of Plant	1,168,266	1,096,270	1,124,671	1,093,867
Pupil Transportation	33,813	33,357	16,952	16,812
Central	140,703	112,727	148,815	118,709
Operation of Non-Instructional Services	281,850	(77,358)	319,153	(75,852)
Extracurricular Activities	35,468	33,533	34,444	30,472
Total	<u>\$ 9,852,258</u>	<u>\$ 6,450,534</u>	<u>\$ 10,744,637</u>	<u>\$ 7,248,102</u>

* Certain reclassifications were made for consistency with current year reporting. There was no effect on net assets.

THE SCHOOL DISTRICT FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund had \$6,603,514 in revenues and other financing sources and \$6,672,824 in expenditures and other financing uses resulting in a decrease in fund balance of \$69,310. Intergovernmental revenues increased by \$167,255 due to increased Foundation remittances. Investment earnings decreased \$135,941 due to decreased cash levels in banks and interest rate reductions. Expenditures and other financing uses decreased \$926,044 due primarily to a reduction in staffing and close budgetary monitoring.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The Permanent Improvement Capital Projects Fund had \$675,649 in revenues and \$795,890 in expenditures and other financing uses resulting in a decrease in fund balance of \$120,241. Expenditures and other financing uses decreased \$1,072,063 due to construction payments in the prior year.

The Adult Education Fund had \$2,176,089 in revenues and \$1,996,279 in expenditures resulting in an increase in fund balance of \$179,810. There was little change in revenues and expenses from the prior year.

General Fund Budgeting Highlights

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

During 2010, there were several revisions to the General Fund budget. In part, these revisions decreased estimated resources by \$171,969 and increased appropriations by \$101,748. Revisions were made to budgeted revenues in anticipation of lower property tax monies than were initially expected. Revisions were made to budgeted expenditures in anticipation of higher than initially expected salaries and benefits costs. 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 \$2,955,360.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School District had \$22,688,639 invested in land and improvements, buildings and improvements, furniture, fixtures, and equipment, vehicles, and library and textbooks. For additional information on capital assets, see Note 8 to the basic financial statements. Table 4 shows fiscal year 2010 balances compared to 2009.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2010	2009*
Land	\$ 33,852	\$ 33,852
Construction in Progress	-	18,564,741
Land Improvements	892,854	11,826
Buildings and Improvements	20,290,722	2,037,088
Furniture, Fixtures and Equipment	1,397,537	1,223,542
Vehicles	73,674	74,971
Totals	\$ 22,688,639	\$ 21,946,020

*As restated. See Note 20 to the basic financial statements.

Changes in capital assets from the prior year primarily resulted from additions from construction in progress, which was completed in 2010, equipment, vehicles, and depreciation.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Debt

At June 30, 2010, the School District had a construction loan outstanding of \$131,400 and capital lease obligations of \$3,150,000, of which \$14,600 of these obligations are due within one year. For additional information on debt, see Note 12 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brett Butler, Treasurer at Scioto County Career Technical Center, 951 Vern Riffe Drive, Lucasville, Ohio 45648.

Scioto County Career Technical Center
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 5,075,667
Accounts Receivable	635,331
Intergovernmental Receivable	57,351
Property Taxes Receivable	2,691,114
Restricted Assets:	
Cash and Cash Equivalents with Escrow Agents	995,900
Nondepreciable Capital Assets	33,852
Depreciable Capital Assets, Net	22,654,787
<i>Total Assets</i>	32,144,002
Liabilities	
Accounts Payable	22,001
Accrued Wages and Benefits Payable	601,122
Retainage Payable	251,328
Matured Compensated Absences Payable	21,367
Deferred Revenue	2,057,084
Intergovernmental Payable	241,058
Long-Term Liabilities:	
Due Within One Year	153,173
Due In More Than One Year	3,689,518
<i>Total Liabilities</i>	7,036,651
Net Assets	
Invested in Capital Assets, Net of Related Debt	19,407,239
Restricted for:	
Capital Projects	1,406,092
Debt Service	744,572
Other Purposes	1,247,175
Unrestricted	2,302,273
<i>Total Net Assets</i>	\$ 25,107,351

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
Instruction:				
Special	\$ 122,981	\$ 62,648	\$ 320,218	\$ 259,885
Vocational	5,510,533	1,085,154	612,734	(3,812,645)
Support Services:				
Pupils	443,702	103,702	59,382	(280,618)
Instructional Staff	403,950	24,604	9,014	(370,332)
Board of Education	14,572	1,388	642	(12,542)
Administration	1,309,062	409,072	241,935	(658,055)
Fiscal	387,358	9,660	-	(377,698)
Operation and Maintenance of Plant	1,168,266	55,124	16,872	(1,096,270)
Pupil Transportation	33,813	456	-	(33,357)
Central	140,703	18,470	9,506	(112,727)
Operation of Non-Instructional Services	281,850	252,032	107,176	77,358
Extracurricular Activities	35,468	1,935	-	(33,533)
<i>Totals</i>	<u>\$ 9,852,258</u>	<u>\$ 2,024,245</u>	<u>\$ 1,377,479</u>	<u>(6,450,534)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				1,775,317
Permanent Improvements				533,118
Grants and Entitlements not Restricted to Specific Programs				4,317,807
Gain on Sale of Capital Assets				4,198
Investment Earnings				83,447
Miscellaneous				82,928
<i>Total General Revenues</i>				<u>6,796,815</u>
<i>Change in Net Assets</i>				346,281
<i>Net Assets Beginning of Year - As Restated</i>				<u>24,761,070</u>
<i>Net Assets End of Year</i>				<u>\$ 25,107,351</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Balance Sheet
Governmental Funds
June 30, 2010

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 2,994,485	\$ 1,018,802	\$ 195,855	\$ 866,525	\$ 5,075,667
Receivables:					
Property Taxes	2,074,324	616,790	-	-	2,691,114
Accounts	40,274	-	595,057	-	635,331
Interfund	58,270	-	-	-	58,270
Intergovernmental	-	-	-	57,351	57,351
Restricted Assets:					
Cash and Cash Equivalents with Escrow Agents	-	-	-	995,900	995,900
<i>Total Assets</i>	<u>\$ 5,167,353</u>	<u>\$ 1,635,592</u>	<u>\$ 790,912</u>	<u>\$ 1,919,776</u>	<u>\$ 9,513,633</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 9,580	\$ -	\$ 12,421	\$ -	\$ 22,001
Accrued Wages and Benefits Payable	576,458	-	24,664	-	601,122
Interfund Payable	-	-	5,000	53,270	58,270
Matured Compensated Absences Payable	10,860	-	10,507	-	21,367
Retainage Payable	-	-	-	251,328	251,328
Intergovernmental Payable	193,223	-	32,815	15,020	241,058
Deferred Revenue	1,915,926	570,116	-	13,148	2,499,190
<i>Total Liabilities</i>	<u>2,706,047</u>	<u>570,116</u>	<u>85,407</u>	<u>332,766</u>	<u>3,694,336</u>
Fund Balances					
Reserved for Encumbrances	26,818	20,000	6,769	176,760	230,347
Reserved for Property Taxes	158,398	46,674	-	-	205,072
Unreserved, Undesignated, Reported in:					
General Fund	2,276,090	-	-	-	2,276,090
Special Revenue Funds	-	-	698,736	591,672	1,290,408
Debt Service Funds	-	-	-	744,572	744,572
Capital Projects Funds	-	998,802	-	74,006	1,072,808
<i>Total Fund Balances</i>	<u>2,461,306</u>	<u>1,065,476</u>	<u>705,505</u>	<u>1,587,010</u>	<u>5,819,297</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,167,353</u>	<u>\$ 1,635,592</u>	<u>\$ 790,912</u>	<u>\$ 1,919,776</u>	<u>\$ 9,513,633</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2010

Total Governmental Fund Balances		\$ 5,819,297
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.		22,688,639
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	428,958	
Intergovernmental	13,148	
Total	442,106	442,106
Long-term liabilities, including loans, capital lease obligations, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Loans	(131,400)	
Compensated Absences	(561,291)	
Capital Lease Obligations	(3,150,000)	
Total	(3,842,691)	(3,842,691)
Net Assets of Governmental Activities		\$ 25,107,351

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Permanent Improvement	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 1,756,065	\$ 525,010	\$ -	\$ -	\$ 2,281,075
Intergovernmental	4,539,345	146,140	409,411	1,421,287	6,516,183
Investment Earnings	62,022	377	-	21,048	83,447
Charges for Services	11,355	-	-	79,037	90,392
Tuition and Fees	77,744	-	1,764,184	-	1,841,928
Rent	10,075	-	-	-	10,075
Extracurricular Activities	80,880	-	970	-	81,850
Gifts and Donations	-	-	-	500	500
Miscellaneous	61,830	4,122	1,524	15,452	82,928
<i>Total Revenues</i>	<u>6,599,316</u>	<u>675,649</u>	<u>2,176,089</u>	<u>1,537,324</u>	<u>10,988,378</u>
Expenditures					
Current:					
Instruction:					
Special	182,409	-	-	92,239	274,648
Vocational	3,518,600	31,853	1,436,671	144,996	5,132,120
Support Services:					
Pupils	283,626	-	22,089	150,415	456,130
Instructional Staff	383,442	-	8,836	14,446	406,724
Board of Education	12,913	-	-	1,659	14,572
Administration	720,149	-	479,072	141,422	1,340,643
Fiscal	353,634	16,832	-	15,442	385,908
Operation and Maintenance of Plant	1,022,534	89,035	32,544	11,033	1,155,146
Pupil Transportation	16,755	-	-	-	16,755
Central	113,294	-	-	7,486	120,780
Operation of Non-Instructional Services	-	-	17,067	276,813	293,880
Extracurricular Activities	35,468	-	-	-	35,468
Capital Outlay	-	64,118	-	936,275	1,000,393
Debt Service:					
Principal	-	-	-	14,600	14,600
<i>Total Expenditures</i>	<u>6,642,824</u>	<u>201,838</u>	<u>1,996,279</u>	<u>1,806,826</u>	<u>10,647,767</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(43,508)</u>	<u>473,811</u>	<u>179,810</u>	<u>(269,502)</u>	<u>340,611</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	4,198	-	-	-	4,198
Transfers In	-	-	-	624,052	624,052
Transfers Out	(30,000)	(594,052)	-	-	(624,052)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,802)</u>	<u>(594,052)</u>	<u>-</u>	<u>624,052</u>	<u>4,198</u>
<i>Net Change in Fund Balances</i>	(69,310)	(120,241)	179,810	354,550	344,809
<i>Fund Balances Beginning of Year</i>	<u>2,530,616</u>	<u>1,185,717</u>	<u>525,695</u>	<u>1,232,460</u>	<u>5,474,488</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,461,306</u>	<u>\$ 1,065,476</u>	<u>\$ 705,505</u>	<u>\$ 1,587,010</u>	<u>\$ 5,819,297</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical 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, 2010*

Net Change in Fund Balances - Total Governmental Funds	\$	344,809
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 asset additions exceeded depreciation in the current period.</p>		
Capital Asset Additions	1,153,555	
Current Year Depreciation	<u>(410,936)</u>	
Total		742,619
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Taxes	27,360	
Intergovernmental	<u>(821,397)</u>	
Total		(794,037)
<p>Repayments of loan principal are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net assets and do not result in expenses in the statement of activities.</p>		
		14,600
<p>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.</p>		
Decrease in Compensated Absences	<u>38,290</u>	
Total		<u>38,290</u>
Net Change in Net Assets of Governmental Activities	\$	<u>346,281</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 7,030,188	\$ 6,858,219	\$ 6,858,383	\$ 164
Total Expenditures and Other Uses	<u>7,326,085</u>	<u>7,427,833</u>	<u>7,056,919</u>	<u>370,914</u>
Net Change in Fund Balance	(295,897)	(569,614)	(198,536)	371,078
Fund Balance, July 1, 2009	3,087,803	3,087,803	3,087,803	-
Prior Year Encumbrances Appropriated	<u>66,093</u>	<u>66,093</u>	<u>66,093</u>	<u>-</u>
Fund Balance, June 30, 2010	<u>\$ 2,857,999</u>	<u>\$ 2,584,282</u>	<u>\$ 2,955,360</u>	<u>\$ 371,078</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical 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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 2,601,715	\$ 2,702,603	\$ 2,339,184	\$ (363,419)
Total Expenditures and Other Uses	<u>2,601,666</u>	<u>2,639,167</u>	<u>2,191,255</u>	<u>447,912</u>
Net Change in Fund Balance	49	63,436	147,929	84,493
Fund Balance, July 1, 2009	2,268	2,268	2,268	-
Prior Year Encumbrances Appropriated	<u>33,556</u>	<u>33,556</u>	<u>33,556</u>	<u>-</u>
Fund Balance, June 30, 2010	<u>\$ 35,873</u>	<u>\$ 99,260</u>	<u>\$ 183,753</u>	<u>\$ 84,493</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2010

	<u>Agency Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 12,126</u>
<i>Total Assets</i>	<u><u>\$ 12,126</u></u>
Liabilities	
Undistributed Monies	<u>\$ 12,126</u>
<i>Total Liabilities</i>	<u><u>\$ 12,126</u></u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Scioto County Career Technical Center (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1971 through the consolidation of existing land areas and school districts. The School District serves the entire Scioto County area. It is located in Lucasville, Ohio. It is staffed by 31 non-certificated employees and 58 certificated full-time teaching personnel who provide services to 486 students and other community members. The School District currently operates 3 instructional buildings and 1 garage.

Reporting Entity:

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

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

The School District is associated with four organizations, of which two are defined as jointly governed organizations and two as insurance purchasing pools. These organizations are the South Central Ohio Computer Association (SCOCA), Scioto County Regional Council of Governments, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 13 and 14 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the 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 School District's major governmental funds:

General Fund

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

Permanent Improvement Fund

The Permanent Improvement Fund is used to account for the all transactions related to the acquiring, constructing, or improving of such permanent improvements.

Adult Education Fund

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.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's agency funds account for student-managed activities and account for Pell and Stafford grant proceeds and disbursements to various students within the School District.

Basis of Presentation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus and Basis of Accounting

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

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

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 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the 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 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 fund, 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. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2010.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

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

Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$83,447. Interest revenue credited to the General Fund and Permanent Improvement major capital projects fund was \$62,022 and \$377, respectively. Interest revenue for all other non-major governmental funds amounted to \$21,048.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as "Equity in Pooled Cash and Investments" on the financial statements. Investments with an initial maturity of more than three months are reported as investments.

The School District maintains a sinking fund for repayment of a lease-purchase agreement and this amount is reported as "Cash and Cash Equivalents with Escrow Agents" on the financial statements. The School District also maintains bank accounts to account for contractor retainage and these amounts are reported as "Cash and Cash Equivalents with Escrow Agents" on the financial statements.

Capital Assets and Depreciation

All capital assets of the School District 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 School District maintains a capitalization threshold of two thousand dollars. The School District does not have any infrastructure.

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 capitalized. Improvements are capitalized. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives: Land Improvements - 5 years, Buildings and Improvements - 50 years, furniture, fixtures, and equipment (FF & E) - 8 to 20 years, vehicles - 10 to 15 years, and library and textbooks - 5 to 15 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

Interfund Balances

On the 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.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and 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. Loans and capital leases are recognized as a liability on the government-wide financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or 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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net 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 externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Net assets restricted for other purposes represent net assets restricted for grants.

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

Of the School District's \$3,397,839 of restricted net assets, none is restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity

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. Interfund transfers within governmental activities are eliminated in the statement of activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves

The School District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves are established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriations under State statute.

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, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the other governmental funds represent cash held with an escrow agent held for future lease payments and cash held as retainage for contractors.

Estimates

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

NOTE 3 – ACCOUNTABILITY

At June 30, 2010, the Chapter 2, Drug Free Schools, and Miscellaneous Federal Grants Special Revenue Funds had deficit fund balances of \$1,953, \$2,479 and \$767, respectively. Deficits were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District 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 Balance - Budget and Actual (Budgetary Basis) presented for the 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).

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

	Net Change in Fund Balance	
	General	Adult Education
GAAP Basis	\$ (69,310)	\$ 179,810
Revenue Accruals	254,869	163,095
Expenditure Accruals	(353,048)	(182,874)
Encumbrances	(31,047)	(12,102)
Budget Basis	\$ (198,536)	\$ 147,929

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be either 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 monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
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 (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which both the obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

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

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

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

As of June 30, 2010, the School District's bank balance of \$2,469,871 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments As of June 30, 2010, the School District had the following investments:

	Carrying/Fair Value	Investment Maturities (in years)	
		Less than 1	2-5
Repurchase Agreement	\$ 1,279,755	\$ 1,279,755	\$ -
Money Market	909,241	909,241	-
Federal Home Loan Bank	501,095	-	501,095
Federal National Mortgage Association	351,096	-	351,096
Federal Home Loan Mortgage Corporation	744,572	744,572	-
Total Fair Value	<u>\$ 3,785,759</u>	<u>\$ 2,933,568</u>	<u>\$ 852,191</u>

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to repurchase agreements, money market accounts, and U.S. Government Agency securities/instrumentalities. The Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation securities are all rated AAA by Standard & Poors and Aaa by Moody's. Money market accounts were rated AAAM by Standard & Poors. Repurchase agreements were not rated.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 34% in a repurchase agreement, 24% in money market accounts, 13% in Federal Home Loan Bank, 9% in Federal National Mortgage Association, and 20% in Federal Home Loan Mortgage Corporation.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District, other than the School District's repurchase agreements which are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 6 - PROPERTY TAXES (continued)

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2010, and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 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, 2010. 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, 2010, was \$158,398 in the General Fund and \$46,674 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 812,421,510	92.17%	\$ 822,310,450	91.83%
Public Utility	69,050,790	7.83%	73,186,220	8.17%
Total Assessed Value	<u>\$ 881,472,300</u>	<u>100.00%</u>	<u>\$ 895,496,670</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 5.37		\$ 5.37	

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010, consisted of property taxes, interfund, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<i>Non-major Funds</i>	
Carl Perkins Grant	52,996
Drug Free Grant	1,022
Improving Teacher Quality	<u>3,333</u>
Total Non-major Funds	<u>57,351</u>
Total All Funds	<u><u>\$ 57,351</u></u>

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	6/30/2009			6/30/2010
	Balance*	Additions	Deletions	Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 33,852	\$ -	\$ -	\$ 33,852
Construction in Progress	18,564,741	813,918	(19,378,659)	-
Total Capital Assets, Not Being Depreciated	<u>18,598,593</u>	<u>813,918</u>	<u>(19,378,659)</u>	<u>33,852</u>
Capital Assets Being Depreciated				
Land Improvements	565,717	909,421	-	1,475,138
Buildings & Improvements	4,896,203	18,526,439	-	23,422,642
FF & E	1,894,324	268,037	-	2,162,361
Vehicles	241,217	14,399	-	255,616
Library and Textbooks	292,612	-	-	292,612
Total Capital Assets Being Depreciated	<u>7,890,073</u>	<u>19,718,296</u>	<u>-</u>	<u>27,608,369</u>
Less: Accumulated Depreciation				
Land Improvements	(553,891)	(28,393)	-	(582,284)
Buildings & Improvements	(2,859,115)	(272,805)	-	(3,131,920)
FF&E	(670,782)	(94,042)	-	(764,824)
Vehicles	(166,246)	(15,696)	-	(181,942)
Library and Textbooks	(292,612)	-	-	(292,612)
Total Accumulated Depreciation	<u>(4,542,646)</u>	<u>(410,936)</u>	<u>-</u>	<u>(4,953,582)</u>
Total Capital Assets Being Depreciated, Net	<u>3,347,427</u>	<u>19,307,360</u>	<u>-</u>	<u>22,654,787</u>
Governmental Capital Assets, Net	<u>\$ 21,946,020</u>	<u>\$ 20,121,278</u>	<u>\$ (19,378,659)</u>	<u>\$ 22,688,639</u>

*As restated. See Note 20 to the basic financial statements.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$ 362,444
Support Services:	
Pupils	1,702
Instructional Staff	11,086
Administration	1,885
Central	1,240
Operation and Maintenance of Plant	10,484
Pupil Transportation	17,058
Operation of Non-Instructional Services	5,037
Total Depreciation Expense	<u>\$ 410,936</u>

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with Ohio School Plan (OSP), an insurance purchasing pool. Each participating school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. Coverages provided by OSP were as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$22,168,641
Boiler and Machinery (\$25,000 deductible)	22,168,641
Garage Keepers (\$250 deductible)	100,000
General Liability	
Per occurrence	1,000,000
General Aggregate	3,000,000
Automobile Liability (\$0 deductible)	1,000,000

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 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Plan (the Plan), an insurance purchasing pool (Note 13). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Plan.

A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling fund" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

The School District is a member of the Scioto County Regional Council of Governments, a public entity risk pool (Note 14), consisting of school districts within the county offering medical and dental insurance to their employees. Monthly premiums are paid to the Scioto County Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf.

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

A. Defined Benefit Pension Plans

School Employees Retirement System

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Fund. The School District's contributions to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$174,235, \$142,386, and \$101,432, respectively; 49% has been contributed for fiscal year 2010 and 100% for the fiscal years 2009 and 2008.

State Teachers Retirement System

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

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

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

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

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

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

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

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

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

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

For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent. The School District’s required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$503,798, \$554,255, and \$604,828, respectively; 86% has been contributed for the fiscal year 2010 and 100% for the fiscal years 2009 and 2008.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio’s Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, three members of the Board of Education have elected Social Security. The Board’s liability is 6.2 percent of wages paid.

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

B. Postemployment Benefits

State Teachers Retirement System

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

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. For the School District, these amounts equaled \$39,504, \$42,360, and \$45,996 for fiscal years 2010, 2009, and 2008, respectively, which is equal to the contributions for each year.

School Employees Retirement System

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2010, 2009, and 2008, the actuarially required allocations were 0.76 percent, 0.75 percent, and 0.66 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2010, 2009, and 2008 were \$9,433, \$8,210, and \$7,041, respectively, which equaled the required contributions for those years.

Health Care Plan

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. At June 30, 2010, 2009, and 2008, the health care allocations were 0.46 percent, 4.16 percent, and 4.18 percent, respectively. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2010, 2009, and 2008 fiscal years equaled \$39,752, \$69,735, and \$53,698, respectively, which is equal to the required amounts for those years.

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

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

NOTE 11 - 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 160 days for all personnel. Upon retirement, payment is made for thirty percent of accrued, but unused sick leave credit to a maximum of 48 days for classified employees and 48 days for certified employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Education Council.

NOTE 12 - LONG-TERM OBLIGATIONS

Scioto County Career Technical Center Construction Loan - On July 6, 2004, Scioto County Career Technical Center signed a loan agreement in the amount of \$219,000 for the purpose of assisting construction costs of workforce education facilities. The loan was issued for a fifteen year period with the final payment during fiscal year 2019. The debt will be retired from property taxes.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Principal Outstanding 06/30/09	Additions	Deductions	Principal Outstanding 06/30/10	Due in One Year
Construction					
Loan 2004 0%	\$ 146,000	\$ -	\$ 14,600	\$ 131,400	\$ 14,600
Total Long-Term Loans	146,000	-	14,600	131,400	14,600
Capital Leases	3,150,000	-	-	3,150,000	-
Compensated Absences	599,581	571,331	609,621	561,291	138,573
Total General Long-Term Obligations	<u>\$ 3,895,581</u>	<u>\$ 571,331</u>	<u>\$ 624,221</u>	<u>\$ 3,842,691</u>	<u>\$ 153,173</u>

Principal and interest requirements to retire the general obligation debt at June 30, 2010, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 14,600	\$ -	\$ 14,600
2012	14,600	-	14,600
2013	14,600	-	14,600
2014	14,600	-	14,600
2015	14,600	-	14,600
2016-2019	58,400	-	58,400
Total	<u>\$ 131,400</u>	<u>\$ -</u>	<u>\$ 131,400</u>

The School District's voted legal debt margin was \$80,463,300 with an unvoted debt margin of \$895,497 at June 30, 2010.

NOTE 13 - GROUP PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (WCGRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 13 - GROUP PURCHASING POOLS (continued)

Ohio School Plan - The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated nonprofit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District 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 Jackson, Vinton, Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, 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 county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid SCOCA \$72,815 for services provided during the year. Financial information can be obtained from the Pike County JVS, Piketon, Ohio 45661.

Scioto County Regional Council of Governments - The Scioto County Regional Council of Governments, a public entity risk pool, currently operates to provide health insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Several Scioto County school districts have entered into an agreement with the Scioto County Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the Council are to formulate and administer a program of health insurance for the benefit of the Council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Scioto County Regional Council of Governments, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Directors, consisting of superintendents from the participating school districts.

Accordingly, the Scioto County Regional Council of Governments is not part of the School District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Scioto County Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

NOTE 15 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

The School District is not party to legal proceedings as of June 30, 2010.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2006, the School District issued \$3,150,000 in Qualified Zone Academy Bonds (QZAB) to be used for acquiring equipment and making improvements to school buildings. The terms of these QZAB are structured as a non-certificated lease-purchase agreement. The terms for repayment of the lease-purchase agreement call for the School District to make annual deposits to a sinking fund held in the School District's name and to then make a final lease payment of \$3,150,000 in fiscal year 2021.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2010:

	Year Ending June 30,	
	2021	\$ 3,150,000
Total Minimum Lease Payments		3,150,000
Less: Amount Representing Interest		-
Present Value of Minimum Lease Payments		\$ 3,150,000

NOTE 17 - STATUTORY RESERVES

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

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

	Textbook Reserve	Capital Maintenance Reserve
Cash Balance July 01, 2009	\$0	\$0
Current Year Set-Aside Requirement	88,639	88,639
Current Year Qualifying Expenditures	(355,250)	(88,639)
Excess Qualified Expenditures from Prior Years	(3,372,143)	0
Total	(\$3,638,754)	\$0
Set Aside Reserve Cash Balance as of June 30, 2010	\$0	\$0

The School District qualifying disbursements during the year and from prior years that were used to reduce the textbooks set aside reserve amount in the current year. Excess qualified expenditures for textbooks may be carried forward to future periods. The School District had \$3,638,754 available to carry forward at June 30, 2010. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the reserve for capital improvements to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$3,028,603 at June 30, 2010.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 18-INTERFUND ACTIVITY

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Interfund Transfers</u>	<u>Transfer From:</u>	<u>Transfer To:</u>
Major Funds:		
General	\$ 30,000	\$ -
Permanent Improvement	594,052	-
Non-major Funds:		
Bond	-	189,435
Food Service	-	30,000
Classroom Facilities	-	254,718
Classroom Facilities Maintenance	-	149,899
Total Non-major Funds	<u>-</u>	<u>624,052</u>
Total	<u>\$ 624,052</u>	<u>\$ 624,052</u>

During the year, the School District's General Fund moved unrestricted monies into various other funds to subsidize operations. The Permanent Improvement Fund transferred tax levy proceeds to meet debt service requirements. The Permanent Improvement Fund also transferred monies to the Classroom Facilities and Classroom Facilities Maintenance Fund in order to meet the maintenance reserve set aside required by the project agreement between the School District and the Ohio School Facilities Commission.

As of June 30, 2010, receivables and payables that resulted from various interfund transactions were as follows:

<u>Interfund Loans</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General Fund	\$ 58,270	\$ -
Adult Education Fund	-	5,000
Non-Major Special Revenue Funds		
Miscellaneous State Grant	-	4,633
Carl Perkins Grant	-	39,848
Chapter 2	-	1,954
Drug Free Grant	-	3,502
Improving Teacher Quality	-	3,333
Total Non-Major Special Revenue Funds	<u>-</u>	<u>53,270</u>
Total Interfund Receivables/Payables	<u>\$ 58,270</u>	<u>\$ 58,270</u>

During the year, the School District's General Fund made advances to other funds in anticipation of intergovernmental grant revenue. These advances are expected to be repaid during fiscal year 2011.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 19 – CONTRACTUAL COMMITMENTS

The School District has been working on a construction project as part of the Ohio’s School Facilities Program. Roslovic Construction is the only significant outstanding contractual commitments as of year end, with a balance of \$187,410.

NOTE 20 – RESTATEMENT OF NET ASSETS

The School District had a comprehensive capital asset appraisal conducted during fiscal year 2010. Errors were identified in the asset and accumulated depreciation values in the land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles asset classes that resulted in a restatement of beginning net asset balances. These restatements had the following affect on net assets:

	<u>Governmental Activities</u>
Net Assets June 30, 2009	\$25,001,280
Restatements	<u>(240,210)</u>
Net Assets, As Restated, July 1, 2009	<u>\$24,761,070</u>

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES

For 2010, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, “Accounting and Financial Reporting for Intangible Assets,” Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,” and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies.”

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any material change to the School District’s basic financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District’s basic financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District’s basic financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District’s basic financial statements.

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 47,955	\$ 47,955
National School Lunch Program			
Cash Assistance	10.555	100,211	100,211
Non-Cash Assistance (Food Distribution)	10.555	9,057	9,057
National School Lunch Program Subtotal		<u>109,268</u>	<u>109,268</u>
Total - Child Nutrition Cluster		<u>157,223</u>	<u>157,223</u>
<i>Cash Assistance Subtotal</i>		148,166	148,166
<i>Non-Cash Assistance (Food Distribution) Subtotal</i>		9,057	9,057
U.S. DEPARTMENT OF EDUCATION			
<i>Direct from the Federal Government:</i>			
Student Financial Aid Cluster:			
Non Cash Assistance (Federal Family Education Loan Program)	84.032	1,182,185	1,182,185
Federal Pell Grant Program	84.063	866,466	866,466
Total - Student Financial Aid Cluster		<u>2,048,651</u>	<u>2,048,651</u>
Rural Education	84.358	53,904	53,904
Total - Rural Education		<u>53,904</u>	<u>53,904</u>
<i>Passed through the Ohio Department of Education:</i>			
VOCED Basic Grant	84.048	454,546	485,701
Total - VOCED Basic Grant		<u>454,546</u>	<u>485,701</u>
Title IV - Safe and Drug Free Schools	84.186	1,040	1,136
Total - Title IV Safe and Drug Free Schools		<u>1,040</u>	<u>1,136</u>
Title V - Innovative Education Program Strategies	84.298	413	-
Total - Title V - Innovative Education Program Strategies		<u>413</u>	<u>-</u>
Title II A - Professional Development	84.340	1,712	3,707
Total - Title II A - Professional Development		<u>1,712</u>	<u>3,707</u>
Total - U.S. Department of Education		<u>2,560,266</u>	<u>2,593,099</u>
Total Federal Financial Assistance		<u>\$ 2,717,489</u>	<u>\$ 2,750,322</u>

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

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2010**

Note A – Significant Accounting Policies

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

Note B – 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 regulations do not require the School District to maintain separate inventory records for purchased food and food received from the United States Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Note D – Guaranteed Student Loans

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

Perry & Associates
Certified Public Accountants, A.C.

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Parkersburg, WV 26101
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428 Second Street
Marietta, OH 45750
(740) 373-0056

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

December 29, 2010

Scioto County Career Technical Center
Scioto County
951 Vern Riffe Drive
Lucasville, Ohio 45648

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate fund information of the **Scioto County Career Technical Center**, Scioto County, Ohio (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents and have issued our report dated December 29, 2010. 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 School District'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 School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's basic 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 intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

Perry and Associates
Certified Public Accountants, A.C.

Perry & Associates
Certified Public Accountants, A.C.

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

December 29, 2010

Scioto County Career Technical Center
Scioto County
951 Vern Riffe Drive
Lucasville, Ohio 45648

To the Board of Education:

Compliance

We have audited the compliance of **Scioto County Career Technical Center**, Scioto County, Ohio (the School District) 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, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Scioto County Career Technical Center complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2010.

Internal Control over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District'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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, that in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(I)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(I)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(I)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(I)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(I)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(I)(vii)</i>	Major Programs (list):	Student Financial Aid Cluster: Federal Pell Grant Program, CFDA #84.063, Federal Family Education Loan Program, CFDA #84.032
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Financial Monitoring	Yes	



Dave Yost • Auditor of State

SCIOTO COUNTY CAREER TECHNICAL CENTER

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 10, 2011