



**Mary Taylor, CPA**  
Auditor of State



**CANWO  
HENRY COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Canwo  
Henry County  
22-900 State Route 34  
Archbold, Ohio 43502-9541

To the Management Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

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Auditor of State

November 3, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Canwo  
Henry County  
22-900 State Route 34  
Archbold, Ohio 43502-9541

To the Management Council:

We have audited the accompanying financial statements of Canwo, Henry County, as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of Canwo's management. Our responsibility is to express an opinion 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 opinion.

As described more fully in Note 1, Canwo has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the fund the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting Canwo's larger (i.e. major) fund separately. While Canwo does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. Canwo has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Canwo as of June 30, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance and reserve for encumbrances of Canwo, Henry County, as of June 30, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Canwo has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2008, on our consideration of Canwo'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.



**Mary Taylor, CPA**  
Auditor of State

November 3, 2008



**CANWO  
HENRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE - GENERAL FUND  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Cash Receipts:</b>		
Membership Fees	\$12,000	\$26,000
Interest Income	4,394	4,570
	16,394	30,570
Total Cash Receipts		
<b>Cash Disbursements:</b>		
Current:		
Purchased Services	14,573	13,135
Audit Costs		1,302
	14,573	14,437
Total Cash Disbursements		
Total Cash Receipts Over Cash Disbursements	1,821	16,133
Fund Cash Balance, July 1	92,718	76,585
<b>Fund Cash Balance, June 30</b>	<b>\$94,539</b>	<b>\$92,718</b>
Reserve for Encumbrances, June 30	\$1,000	\$2,000

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

**CANWO  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Canwo, Henry County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Canwo is directed by a Membership (i.e. management council), organized under Chapter 167 of the Ohio Revised Code as a not-for-profit Council of Governments. The Membership consists of representatives from the participating school districts and community colleges; there were 12 participating members during 2008 and 2007. Canwo is to function as a regional training and support center for local member training academies in northwest Ohio. The participating subdivisions are:

Bellevue City School District	Bowling Green State University - Firelands
EHOVE Joint Vocational School District	Four County Career Center
Northeastern Local School District	Owens Community College – Findlay
Owens Community College – Toledo	Sentinel Career Center
Terra Community College	Vanguard Joint Vocational School District
Vermillion City School District	Whitmer Career and Tech Center

Canwo's management believes these financial statements present all activities for which Canwo is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. Canwo recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

Canwo's cash is held and invested by the Treasurer of the Northern Buckeye Education Council (NBEC), who is fiscal agent for Canwo's monies. Canwo's assets are held in NBEC's cash and investment pool, and are valued at the NBEC reporting carrying amount(s).

**D. Fund Accounting**

Canwo uses fund accounting to segregate cash and investments that are restricted as to use. Canwo classifies its fund into the following type:

**CANWO  
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**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources.

**E. Budgetary Process**

Canwo budgets its General Fund annually.

**1. Appropriations**

Canwo annually adopts appropriation measures and subsequent amendments. The Membership approves an operating budget at the spring meeting for the ensuing year. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

**3. Encumbrances**

Canwo reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

Canwo records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,000	\$16,394	\$2,394

**CANWO  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(Continued)**

**2. BUDGETARY ACTIVITY – (CONTINUED)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,700	\$15,573	\$47,127

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,500	\$30,570	\$4,070

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,200	\$16,437	\$42,763

**3. RISK MANAGEMENT**

Canwo has obtained commercial insurance for the following risks through NBEC:

- Comprehensive property and general liability; and
- Errors and omissions.



# Mary Taylor, CPA

Auditor of State

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

Canwo  
Henry County  
22-900 State Route 34  
Archbold, Ohio 43502-9541

To the Management Council:

We have audited the financial statements of Canwo, Henry County, as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated November 3, 2008, wherein we noted Canwo prepared its financial statements using the accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 Canwo's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of Canwo's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Canwo's internal control over financial reporting.

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

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

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

We noted certain matters that we reported to Canwo's management in a separate letter dated November 3, 2008.

#### **Compliance and Other Matters**

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

We intend this report solely for the information and use of management and the Management Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 3, 2008



**Mary Taylor, CPA**  
Auditor of State

**CANWO**

**HENRY 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  
NOVEMBER 20, 2008**