

FOUR COUNTY CAREER CENTER

HENRY COUNTY

FINANCIAL STATEMENTS

Year Ended June 30, 2007



Mary Taylor, CPA
Auditor of State

Board of Education
Four County Career Center
22-900 State Route 34
Archbold, Ohio 43502-9541

We have reviewed the *Independent Auditor's Report* of the Four County Career Center, Henry County, prepared by Steyer & Co., CPA's, for the audit period July 1, 2006 through June 30, 2007. 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 Four County Career Center is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 18, 2008

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, an Ohio joint vocational school district (the Career Center), as of and for the year ended June 30, 2007, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, as of June 30, 2007, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Adult Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2007, on our consideration of Four County Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink that reads "Steyer & Co." in a cursive, flowing script.

STEYER & CO.
Certified Public Accountants

Defiance, Ohio
December 6, 2007

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED**

The discussion and analysis of the Four County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

In total, net assets of governmental activities increased \$552,872.

General revenues accounted for \$11,750,971 in revenue or 75% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,833,453 or 25% of total revenues of \$15,584,424.

The Career Center had \$15,031,552 in expenses related to governmental activities; only \$3,833,453 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,750,971 were adequate to provide for these programs.

The Career Center has two major governmental funds; the general fund, and the adult education fund. The general fund had \$13,091,485 in revenues and \$12,013,071 in expenditures. During fiscal 2007, the general fund's fund balances increased \$978,482 from \$8,940,713 to \$9,919,195. The adult education fund had \$1,286,621 in revenues and \$1,225,509 in expenditures. During fiscal 2007, the adult education fund's balance increased \$61,112 from \$11,177 to \$72,289.

Using the Basic Financial Statements

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

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

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED**

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and Statement of Activities reflect how the Career Center did financially during fiscal year 2007. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. The basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the Career Center's programs and services, including instruction, support services, operation of maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Career Center's major funds. While the Career Center uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the Career Center's most significant funds. The Career Center's two major governmental funds are the general fund and adult education fund.

Governmental Funds – Most of the Career Center's activities are reported in governmental funds, which focus on how monies flow 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 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 Career Center's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

The Career Center as a Whole

Table 1 provides a summary of the Career Center's net assets for fiscal year 2007 compared to fiscal year 2006. The Career Center's decrease in general revenues aided the increase in current liabilities.

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED**

**Table 1
Net Assets
Governmental Activities**

	2007	2006
Assets:		
Current and Other Assets	\$ 18,032,126	\$ 18,140,692
Capital Assets, Net	7,613,330	7,945,180
Total Assets	25,645,456	26,085,872
Liabilities:		
Current and Other Liabilities	6,709,105	7,560,985
Long-Term Liabilities	1,673,079	1,814,488
Total Liabilities	8,382,184	9,375,473
Net Assets:		
Invested in Capital Assets, Net of Related Debt	7,016,721	7,224,710
Restricted	1,206,770	1,315,149
Unrestricted	9,039,781	8,170,541
Total	\$ 17,263,272	\$ 16,710,400

Table 2 reflects the changes in net assets for fiscal year 2007 compared to fiscal year 2006. The decrease in general revenues was attributed to decreases in property tax revenue, state foundation revenue, and gifts and donations.

**Table 2
Changes in Net Assets
Governmental Activities**

	2007	2006
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$ 1,115,933	\$ 1,031,480
Operating Grants and Contributions	2,717,520	2,838,789
Capital Grants and Contributions	-	33,163
Total Program Revenues	3,833,453	3,903,432
General Revenues:		
Property Taxes	5,825,293	6,084,036
Grants and Entitlements	4,858,332	4,237,804
Gifts and Donations	415,722	321,286
Investment Earnings	645,900	407,299
Miscellaneous	5,656	31,750
Proceeds from Sale of Capital Assets	68	4,970
Total General Revenues	11,750,971	11,087,145
Total Revenues	15,584,424	14,990,577

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED**

**Table 2
Change in Net Assets
Governmental Activities**

	2007	2006
<u>Expenses:</u>		
Instruction	8,617,654	8,799,478
Support Services:		
Pupils	1,494,900	1,469,080
Instructional Staff	534,688	557,361
Board of Education	56,515	60,736
Administration	1,223,197	1,263,385
Fiscal	500,375	517,537
Business	15,924	91,904
Operation and Maintenance of Plant	1,624,309	1,398,177
Pupil Transportation	17,680	27,872
Central	437,954	361,009
Operation of Non-Instructional Services	417,127	458,225
Extracurricular Activities	67,194	61,775
Capital Outlay	24,035	24,035
Interest and Fiscal Charges	-	9,636
Total Expenses	15,031,552	15,100,210
Increase (decrease) in Net Assets	\$ 552,872	\$ (109,633)

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED**

**Table 3
Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Instruction	\$ 8,617,654	\$ 5,045,833	\$ 8,799,478	\$ 5,174,825
Support Services:				
Pupils	1,494,900	1,491,900	1,469,080	1,466,080
Instructional Staff	534,688	534,688	557,361	557,361
Board of Education	56,515	56,515	60,736	60,736
Administration	1,223,197	1,223,197	1,263,385	1,263,385
Fiscal	500,375	500,375	517,537	517,537
Business	15,924	15,924	91,904	91,904
Operation and Maintenance of Plant	1,624,309	1,622,568	1,398,177	1,396,228
Pupil Transportation	17,680	17,680	27,872	27,872
Central	437,954	432,954	361,009	356,009
Operation of Non- Instructional Services	417,127	165,236	458,225	189,395
Extracurricular Activities	67,194	67,194	61,775	61,775
Capital Outlay	24,035	24,035	24,035	24,035
Interest and Fiscal Charges	-	-	9,636	9,636
Total Expenses	<u>\$15,031,552</u>	<u>\$11,198,099</u>	<u>\$15,100,210</u>	<u>\$11,196,778</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. 59% of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 74%. It is apparent that the communities, as a whole, are the primary support for the Career Center's students.

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$15,725,738 and expenditures of \$14,841,111. The net positive change of \$887,695 in fund balance for the year indicates that the Career Center had no difficulty meeting current costs.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, the Career Center amended its general fund budget as needed. Final budgeted revenues, in the amount of \$12,760,993, were the same as the original budgeted revenues.

Final expenditures were budgeted at \$13,724,105 while actual expenditures were \$12,159,354. The \$1,564,751 difference is primarily due to a conservative "worst case scenario" approach. The Career Center over appropriates in case significant, unexpected expenditures arise during the fiscal year.

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED**

Capital Assets

At the end of fiscal year 2007, the Career Center had \$7,613,330 invested in capital assets (net accumulated depreciation) for governmental activities.

For further information regarding the Career Center's capital assets see notes in the basic financial statements.

Debt

At June 30, 2007, the Career Center had \$596,608 in asbestos loans for building improvements. The asbestos loans will be completely paid by 2013.

At June 30, 2007, the Career Center's overall legal debt margin was \$253,899,333, with an unvoted debt margin of \$2,821,104.

In addition to the debt outlined above, the Career Center's long-term debt also includes compensated absences.

For further information regarding the Career Center's debt see the notes to the basic financial statements.

Current Issues

The Career Center is holding its own in the state of a declining economy and uncertainty in State funding. The Career Center covers portions of eight different counties, which mostly consists of residential/farming communities currently experiencing some residential growth.

Over the past several years, the Career Center has remained in a good financial position. In 1976 the Career Center passed a 1.40 continuous levy, in 1979 a .60 continuous levy, and in 1988 a 1.00 continuous levy and has not had to renew these levies. In 2001, a .20 permanent improvement levy was passed. These levies provide a continuous source of funds for a financial cushion. The Career Center has also been able to benefit from increased enrollment.

The Career Center is unique in that it has students attending from eight different counties. It also has an adult education program. The building and facilities are on one campus.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to reflect the Career Center's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jennifer Bonner, Treasurer, Four County Career Center, 22-900 St. Rt. 34, Archbold, Ohio, 43502.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,418,485
Investments	7,228,868
Materials and Supplies Inventory	134,761
Accrued Interest Receivable	46,588
Accounts Receivable	38,717
Intergovernmental Receivable	114,690
Prepaid Items	18,755
Taxes Receivable	6,031,262
Noncurrent Assets	
Non-Depreciable Capital Assets	219,258
Depreciable Capital Assets, net	<u>7,394,072</u>
Total Assets	25,645,456
LIABILITIES	
Current Liabilities	
Accounts Payable	32,410
Accrued Wages and Benefits	1,002,165
Intergovernmental Payable	23,122
Matured Compensated Absences Payable	158,989
Deferred Revenue	5,492,419
Noncurrent Liabilities	
Long-Term Liabilities	
Due Within One Year	123,861
Due in More Than One Year	<u>1,549,218</u>
Total Liabilities	8,382,184
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	7,016,721
Restricted for Capital Outlay	1,077,845
Restricted for Other Purposes	128,925
Unrestricted	<u>9,039,781</u>
Total Net Assets	<u>\$ 17,263,272</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Instruction:				
Regular	\$ 1,580,274	\$ -	\$ -	\$ (1,580,274)
Vocational	5,891,538	373,647	1,904,058	(3,613,833)
Adult/Continuing	1,145,842	561,825	732,291	148,274
Support Services:				
Pupils	1,494,900	-	3,000	(1,491,900)
Instructional Staff	534,688	-	-	(534,688)
Board of Education	56,515	-	-	(56,515)
Administration	1,223,197	-	-	(1,223,197)
Fiscal	500,375	-	-	(500,375)
Business	15,924	-	-	(15,924)
Operation and Maintenance of Plant	1,624,309	-	1,741	(1,622,568)
Pupil Transportation	17,680	-	-	(17,680)
Central	437,954	-	5,000	(432,954)
Operation of Non-Instructional Services	417,127	180,461	71,430	(165,236)
Extracurricular Activities	67,194	-	-	(67,194)
Capital Outlay	24,035	-	-	(24,035)
Interest and Fiscal Charges	-	-	-	-
<i>Total Governmental Activities</i>	<u>15,031,552</u>	<u>1,115,933</u>	<u>2,717,520</u>	<u>(11,198,099)</u>
<i>Totals</i>	<u>\$ 15,031,552</u>	<u>\$ 1,115,933</u>	<u>\$ 2,717,520</u>	<u>(11,198,099)</u>

General Revenues	
Taxes	
Property Taxes, Levied for General Purposes	5,503,040
Property Taxes, Levied for Capital Outlay	322,253
Grants and Entitlements not Restricted to	
Specific Programs	4,858,332
Gifts and Donations	415,722
Investment Earnings	645,900
Miscellaneous	5,656
Proceeds from Sale of Capital Assets	<u>68</u>
<i>Total General Revenues</i>	<u>11,750,971</u>
<i>Change in Net Assets</i>	552,872
<i>Net Assets Beginning of Year</i>	<u>16,710,400</u>
<i>Net Assets End of Year</i>	<u>\$ 17,263,272</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007**

	General Fund	Adult Education	All Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalent	\$ 2,827,227	\$ 201,247	\$ 1,390,011	\$ 4,418,485
Investments	7,228,868	-	-	7,228,868
Materials and Supplies Inventory	113,027	5,776	15,958	134,761
Accrued Interest Receivable	46,588	-	-	46,588
Accounts Receivable	486	35,552	2,679	38,717
Interfund Receivable	443,560	-	-	443,560
Intergovernmental Receivable	-	87,003	26,612	113,615
Prepaid Items	17,750	500	505	18,755
Taxes Receivable	5,694,193	-	337,069	6,031,262
<i>Total Assets</i>	\$ 16,371,699	\$ 330,078	\$ 1,772,834	\$ 18,474,611
LIABILITIES:				
Accounts Payable	\$ 22,017	\$ 1,448	\$ 8,945	\$ 32,410
Accrued Wages and Benefits	952,825	22,778	26,562	1,002,165
Interfund Payable	-	204,145	238,340	442,485
Intergovernmental Payable	9,113	2,166	11,843	23,122
Matured Compensated Absences Payable	138,108	17,072	3,809	158,989
Deferred Revenue	5,330,441	10,180	314,317	5,654,938
<i>Total Liabilities</i>	6,452,504	257,789	603,816	7,314,109
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	72,380	17,345	295,135	384,860
Reserved for Inventory	113,027	5,776	15,958	134,761
Reserved for Property Taxes	363,752	-	22,752	386,504
Unreserved, Undesignated, Reported in:				
General Fund	9,370,036	-	-	9,370,036
Special Revenue Funds	-	49,168	80,872	130,040
Capital Projects Funds	-	-	754,301	754,301
<i>Total Fund Balances</i>	9,919,195	72,289	1,169,018	11,160,502
<i>Total Liabilities and Fund Balances</i>	\$ 16,371,699	\$ 330,078	\$ 1,772,834	\$ 18,474,611

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2007**

Total Governmental Fund Balances		\$ 11,160,502
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Captial assets used in governmental activities are not financial resources and therefore are not reported in the funds		7,613,330
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Deferred Revenue		162,519
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	(1,076,471)	
Notes Payable	(596,608)	
	(1,673,079)	(1,673,079)
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 17,263,272</u></u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Adult Education	All Other Governmental Funds	Total Governmental Funds
REVENUES				
Property and Other Local Taxes	\$ 5,632,146	\$ -	\$ 339,415	\$ 5,971,561
Intergovernmental	6,210,355	724,293	639,318	7,573,966
Interest	663,590	-	1,063	664,653
Decrease in Fair Value of Investments	(18,753)	-	-	(18,753)
Tuition and Fees	32,055	558,974	93,916	684,945
Gifts and Donations	415,722	-	-	415,722
Customer Sales and Services	155,832	2,851	272,305	430,988
Miscellaneous	<u>538</u>	<u>503</u>	<u>4,615</u>	<u>5,656</u>
<i>Total Revenues</i>	13,091,485	1,286,621	1,350,632	15,728,738
EXPENDITURES				
Current:				
Instruction:				
Regular	1,533,302	-	9,061	1,542,363
Vocational	5,313,058	104	507,893	5,821,055
Adult/Continuing	210,453	935,150	-	1,145,603
Support Services:				
Pupils	1,329,591	9,301	82,652	1,421,544
Instructional Staff	311,659	204,320	14,802	530,781
Board of Education	52,688	-	-	52,688
Administration	1,180,235	-	5,336	1,185,571
Fiscal	444,911	46,125	9,495	500,531
Business	19,241	-	-	19,241
Operation and Maintenance of Plant	1,201,322	-	427,556	1,628,878
Pupil Transportation	17,177	503	-	17,680
Central	332,240	30,006	75,205	437,451
Operation of Non-Instructional Services	-	-	346,670	346,670
Extracurricular Activities	67,194	-	-	67,194
Debt Service:				
Principal	<u>-</u>	<u>-</u>	<u>123,861</u>	<u>123,861</u>
<i>Total Expenditures</i>	<u>12,013,071</u>	<u>1,225,509</u>	<u>1,602,531</u>	<u>14,841,111</u>
<i>Excess of Revenues Over (Under) Expenditure</i>	1,078,414	61,112	(251,899)	887,627
OTHER FINANCING SOURCES AND USES				
Transfers In	-	-	100,000	100,000
Proceeds from Sale of Capital Assets	68	-	-	68
Transfers Out	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
<i>Total Other Financing Sources and Uses</i>	<u>(99,932)</u>	<u>-</u>	<u>100,000</u>	<u>68</u>
<i>Net Change in Fund Balances</i>	978,482	61,112	(151,899)	887,695
<i>Fund Balance at Beginning of Year</i>	<u>8,940,713</u>	<u>11,177</u>	<u>1,320,917</u>	<u>10,272,807</u>
<i>Fund Balance at End of Year</i>	<u>\$ 9,919,195</u>	<u>\$ 72,289</u>	<u>\$ 1,169,018</u>	<u>\$ 11,160,502</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Net Change in Fund Balances - Total Governmental Funds \$ 887,695

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay - Depreciable Capital Assets	431,295	
Depreciation	<u>(763,145)</u>	(331,850)

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

Delinquent Taxes	(146,268)	
Intergovernmental	<u>1,886</u>	(144,382)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities

123,861

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences Payable	17,548	<u>17,548</u>
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Change in Net Assets of Governmental Activities \$ 552,872

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 5,331,204	\$ 5,331,204	\$ 5,725,748	\$ 394,544
Intergovernmental	6,484,074	6,484,074	6,209,919	(274,155)
Interest	415,000	415,000	617,002	202,002
Tuition and Fees	43,300	43,300	32,019	(11,281)
Gifts and Donations	375,000	375,000	415,722	40,722
Customer Sales and Services	112,400	112,400	155,832	43,432
Miscellaneous	<u>15</u>	<u>15</u>	<u>246</u>	<u>231</u>
Total Revenues	12,760,993	12,760,993	13,156,488	395,495
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,587,938	1,590,590	1,492,339	98,251
Special	-	700	-	700
Vocational	5,819,334	5,834,737	5,307,702	527,035
Adult/Continuing	202,851	210,851	210,228	623
Support Services:				
Pupils	1,529,301	1,535,170	1,390,940	144,230
Instructional Staff	339,949	343,399	314,476	28,923
Board of Education	103,245	103,245	55,855	47,390
Administration	1,397,349	1,432,865	1,226,482	206,383
Fiscal	581,928	581,684	455,323	126,361
Business	82,210	85,210	67,141	18,069
Operation and Maintenance of Plant	1,506,070	1,506,435	1,215,301	291,134
Pupil Transportation	36,858	37,458	21,022	16,436
Central	391,645	388,645	333,216	55,429
Operation of Non-Instructional Services:	1,000	1,000	-	1,000
Extracurricular Activities	<u>64,016</u>	<u>72,116</u>	<u>69,329</u>	<u>2,787</u>
Total Expenditures	<u>13,643,694</u>	<u>13,724,105</u>	<u>12,159,354</u>	<u>1,564,751</u>
Excess of Revenues Over Expenditures	(882,701)	(963,112)	997,134	1,960,246
OTHER FINANCING SOURCES AND USES:				
Proceeds from Sale of Fixed Assets	2,500	2,500	68	(2,432)
Refund of Prior Year Expenditures	1,335	1,335	775	(560)
Advances In	500,000	500,000	236,000	(264,000)
Transfers Out	(100,000)	(100,000)	(100,000)	-
Refund of Prior Year Receipts	(2,500)	(2,500)	(483)	2,017
Advances Out	(500,000)	(500,000)	(132,000)	368,000
Other Financing Uses	<u>(100,000)</u>	<u>(20,443)</u>	<u>-</u>	<u>20,443</u>
Total Other Financing Sources and Uses	<u>(198,665)</u>	<u>(119,108)</u>	<u>4,360</u>	<u>123,468</u>
Net Change in Fund Balances	(1,081,366)	(1,082,220)	1,001,494	2,083,714
Fund Balance at Beginning of Year	8,909,365	8,909,365	8,909,365	-
Prior Year Encumbrances Appropriated	<u>79,786</u>	<u>79,786</u>	<u>79,786</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 7,907,785</u>	<u>\$ 7,906,931</u>	<u>\$ 9,990,645</u>	<u>\$ 2,083,714</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT EDUCATION
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 868,718	\$ 875,750	\$ 646,379	\$ (229,371)
Tuition and Fees	518,000	518,000	573,987	55,987
Customer Sales and Services	<u>3,350</u>	<u>3,350</u>	<u>2,851</u>	<u>(499)</u>
 Total Revenues	 <u>1,390,068</u>	 <u>1,397,100</u>	 <u>1,223,217</u>	 <u>(173,883)</u>
 EXPENDITURES:				
Current:				
Instruction:				
Vocational	104	104	104	-
Adult/Continuing	1,049,148	1,049,254	933,255	115,999
Support Services:				
Pupils	11,884	11,884	9,195	2,689
Instructional Staff	219,663	226,076	201,915	24,161
Fiscal	51,475	68,579	45,805	22,774
Pupil Transportation	9,820	7,548	263	7,285
Central	<u>30,250</u>	<u>30,260</u>	<u>30,006</u>	<u>254</u>
 Total Expenditures	 <u>1,372,344</u>	 <u>1,393,705</u>	 <u>1,220,543</u>	 <u>173,162</u>
 Excess of Revenues Under Expenditures	 17,724	 3,395	 2,674	 (721)
 OTHER FINANCING SOURCES AND USES:				
Advances In	150,000	150,000	112,000	(38,000)
Refund of Prior Year End Expenditures	-	2,244	(11,034)	(13,278)
Advances Out	<u>(145,000)</u>	<u>(185,000)</u>	<u>(185,000)</u>	<u>-</u>
 Total Other Financing Sources and Uses	 <u>5,000</u>	 <u>(32,756)</u>	 <u>(84,034)</u>	 <u>(51,278)</u>
 Net Change in Fund Balances	 22,724	 (29,361)	 (81,360)	 (51,999)
 Fund Balance at Beginning of Year	 247,457	 247,457	 247,457	 -
 Prior Year Encumbrances Appropriated	 <u>17,183</u>	 <u>17,183</u>	 <u>17,183</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 287,364</u>	 <u>\$ 235,279</u>	 <u>\$ 183,280</u>	 <u>\$ (51,999)</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2007**

	Agency Fund
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 24,937
Total Assets	\$ 24,937
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,075
Due to Students	23,862
Total Liabilities	\$ 24,937

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

Note 1 – Description of the Career Center and Reporting Entity

Four County Career Center (the Career Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. Effective July 1, 1999, the Career Center changed its name from Four County Joint Vocational School District to Four County Career Center, an Ohio Vocational School District. The Career Center was established in 1966, with classes beginning in September 1969, and serves 22 districts located in Defiance, Fulton, Henry and Williams counties. The Career Center is operated under a board of education consisting of eleven members. The vocational career center provides job training for residents of participating districts. Currently, Four County Career Center provides thirty courses of instruction in such varied fields as chef training, electronics, machine trades and plastics. The average daily membership for fiscal year 2007 was 836. The Career Center employed 12 administrators and supervising personnel, 107 certified and 43 non-certified employees.

Four County Career Center provides regular, vocational, and adult continuing instruction. Also, Four County Career Center has support services for pupils, instructional staff, general and school administration, fiscal and business affairs. In addition, Four County Career Center accounts for various extra-curricular activities and retirement of debt obligations.

Reporting Entity

This report includes all activities considered by management to be part of the Career Center by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization.

The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending). The Career Center has no component units.

The Career Center reports under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", under which the financial statements include all the organizations, activities, functions and component units for which the Career Center (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Career Center's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Career Center. On the basis of the provisions of GASB Statement No. 14, no organizations are financially accountable to the Career Center as component units.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

The Career Center is associated with two jointly governed organizations and three group purchasing pools. These organizations are the Northwest Ohio Computer Association, Northern Buckeye Education Council, Northern Buckeye Education Council's Employee Insurance Benefits Program, Northern Buckeye Education Council Workers' Compensation Group Rating Plan and Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds of Four County Career Center over which Four County Career Center has the ability to exercise direct operating control.

Note 2 – Summary Of Significant Accounting Policies

The financial statements of Four County Career Center have been prepared in conformity with generally accepted accounting principles (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 Career Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Career Center's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements – The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements – During the year, the Career Center segregates transactions related to certain Career Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Career Center at this more detailed level. The focus of governmental 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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Career Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Career Center are grouped into the categories governmental and fiduciary.

Governmental Funds – Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Career Center’s major governmental funds:

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

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

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 Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center’s agency funds that existed throughout the fiscal year included Computer Association of Northwest Ohio, National Honor Society, Family Career & Community Leaders of America, Future Farmers of America, Future Educators of America, Business Professionals of America, SKILLS USA of America and Student Council.

C. Measurement Focus

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Career Center, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes (other than delinquent amounts) for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. There were no donated commodities to report.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

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

E. Cash and Investments

To improve cash management, cash received by the Career Center is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the Career Center's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

During fiscal year 2007, the Career Center invested in nonnegotiable certificates of deposit, federal agency securities and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$663,590.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

I. Capital Assets

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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$5,000. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings and Building Improvements	15-40 years
Furniture and Fixtures	10 years
Vehicles	5-15 years
Equipment	5-15 years

J. Interfund Balances

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

K. 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 Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end taking into consideration any limits specified in the Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for all employees after five years of service.

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

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

FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

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

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

N. Fund Balance Reserves and Designations

The Career Center reserves those portions of fund equity which are legally segregated for a 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 equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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

P. Estimates

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Career Center and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.

Note 3 – Budgetary Basis of Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund, function, and object level within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

While the Career Center is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Adult Education 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 fund financial statements are the following:

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

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

<u>Net Change in Fund Balance</u>		
<u>Major Governmental Funds</u>		
	<u>General</u>	<u>Adult Education</u>
GAAP Basis	\$ 978,482	\$ 61,112
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2006, received in cash FY 2007	457,368	48,971
Accrued FY 2007, not yet received in cash	(392,848)	(123,409)
Expenditure Accruals:		
Accrued FY 2006, paid in cash FY 2007	(1,053,370)	(25,282)
Accrued FY 2007, not yet paid in cash	992,061	48,222
Advances net	104,000	(73,000)
Encumbrances outstanding at year end (budget basis)	<u>(84,199)</u>	<u>(17,974)</u>
Budget Basis	<u>\$1,001,494</u>	<u>\$ (81,360)</u>

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Note 4 – Deposits and Investments

Monies held by the Career Center are classified by State statute into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Career Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

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. Investments may only be made through specified dealers and institutions.

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At fiscal year end, the Career Center had \$450 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,398,656 of the Career Center's bank balance of \$4,698,656 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Career Center's name.

The Career Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

Investments

As of June 30, 2007, the Career Center had the following investments:

Investment Type	Fair Value	Maturing in Less than 1 Year	Maturing in One to Two Years
Federal National Mortgage Association Notes	\$ 707,012	\$ 299,532	\$ 407,480
Federal Home Loan Mortgage Corporation Notes	345,926	345,926	-
Federal Home Loan Bank Notes	1,395,266	399,624	995,642
STAR Ohio	4,780,664	4,780,664	-
Total Investments	<u>\$ 7,228,868</u>	<u>\$ 5,825,746</u>	<u>\$ 1,403,122</u>

Interest Rate Risk – The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk – The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and Federal Home Loan Bank Notes carry a rating of Aaa by Moody's and AAA by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating services. The District has no investment policy that would further limit its investment choices.

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Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes 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 District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk – The District places no limit on the amount it may invest in any one issuer, however state statute limits in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. The District's investment in Federal National Mortgage Association Notes, the Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes represent 10%, 5%, and 19%, respectively, of the District's total investments.

Note 5 – Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the district. Real and public utility property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes for 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2007 were levied after April 1, 2007, on the assessed values as of December 31, 2006, the lien date. Public utility real property is assessed at 35% of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2006 taxes. Tangible personal property taxes for 2007 were levied after April 1, 2007, on the value as of December 31, 2006. Tangible personal property is currently assessed at 12.5% of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Career Center receives property taxes from Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2007 operations. For the governmental fund financial statements, 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 was recognized as revenue.

The amounts available as an advance at June 30, 2007, were \$363,752 in the General Fund and \$22,752 in the Permanent Improvement Fund. The amounts available as an advance at June 30, 2006, were \$457,354 in the General Fund and \$26,278 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	<u>2006 Second-Half Collections</u>		<u>2007 First-Half Collections</u>	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 1,899,682,280	67.5%	\$ 1,977,196,640	70.1%
Industrial/Commercial	407,168,000	14.5%	430,410,590	15.3%
Public Utility	146,773,410	5.2%	148,327,180	5.2%
Tangible Personal	361,777,683	12.8%	265,169,286	9.4%
Total Assessed Value	<u>\$ 2,815,401,373</u>	<u>100.0%</u>	<u>\$ 2,821,103,69</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 3.20</u>		<u>\$ 3.20</u>	

Note 6 – Receivables

Receivables at June 30, 2007, consisted of accounts (billings for user charged services, tuition and fees), intergovernmental grants and taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the Statement of Net Assets follows:

	<u>Amounts</u>
Governmental Activities	
Accounts Receivable	\$ 38,717
Accrued Interest Receivable	46,588
Intergovernmental Receivable	114,690
Taxes Receivable	6,031,262
Total Receivables	<u>\$ 6,231,257</u>

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Note 7 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance at 6/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/07</u>
Governmental Activities:				
Non-Depreciable Capital Assets	\$ 219,258	\$ -	\$ -	\$ 219,258
Land	219,258	-	-	219,258
Depreciable Capital Assets				
Land Improvements	307,468	-	-	307,468
Buildings and Building Improvements	19,756,326	321,068	-	20,077,394
Furniture and Fixtures	2,642,814	92,727	5,375	2,730,166
Vehicles	467,532	17,500	-	485,032
Totals at Historical Cost	<u>23,174,140</u>	<u>431,295</u>	<u>5,375</u>	<u>23,600,060</u>
Less Accumulated Depreciation:				
Land Improvements	100,469	20,192	-	120,661
Buildings and Building Improvements	13,456,093	541,249	-	13,997,342
Furniture and Fixtures	1,589,612	167,635	5,375	1,751,872
Vehicles	302,044	34,069	-	336,113
Total Accumulated Depreciation	<u>15,448,218</u>	<u>763,145</u>	<u>5,375</u>	<u>16,205,988</u>
Depreciable Capital Asset, Net	<u>7,725,922</u>	<u>(331,850)</u>	<u>-</u>	<u>7,394,072</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 7,945,180</u>	<u>\$ (331,850)</u>	<u>\$ -</u>	<u>\$ 7,613,330</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 33,277
Vocational	375,957
Support Services:	
Pupils	85,443
Instructional Staff	2,194
Board of Education	3,827
Administration	32,046
Fiscal	6,105
Business	6,733
Operation and Maintenance of Plant	123,648
Operation of Non-Instructional Services	69,880
Capital Outlay	24,035
Total Depreciation Expense	<u>\$ 763,145</u>

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Note 8 – Interfund Transactions

On the fund financial statements, the General Fund has receivables of \$443,560. The General Fund receivable consists of \$204,145 payable from the Audit Basic Education Fund, \$238,340 payable from the non-major governmental funds and \$1,075 payable from the Agency Fund. These interfund loans were made to provide operating capital.

Interfund transfers for the year ended June 30, 2007 consisted of transfers from the general fund to the non-major governmental funds in the amount of \$100,000.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires them to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9 – Risk Management

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007 the Career Center contracted Schools of Ohio Risk Sharing Authority for the following insurance coverage:

Coverage amounts as of June 30, 2007:

General Liability:	
Bodily Injury / Property Damage	6,000,000
Personal Injury	6,000,000
Products / Completed Operations	6,000,000
Campus Annual Aggregate	2,000,000
General Annual Aggregate	8,000,000
Fire Legal Liability	500,000
Errors or Omissions Cover:	
Per Occurrence (\$5,000 deductible)	6,000,000
Per Aggregate (\$5,000 deductible)	6,000,000
Property and Crime:	
Property (incl. Inland Marine, misc. equipment) (\$1,000 deductible)	40,815,456
Employee Dishonesty / Faithful Performance of Duty (\$1,000 deductible)	50,000
Forgery / Alteration (\$1,000 deductible)	50,000
Computer Fraud (\$1,000 deductible)	50,000
Theft, Disappearance, Destruction (\$1,000 deductible)	50,000
Commercial Auto:	
Owned / Leased Vehicles	6,000,000
Medical Payments (occ / agg)	5,000/25,000
Uninsured Motorist	1,000,000
Physical Damage (\$1,000 deductible)	Actual Value

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

The Career Center is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA provides both pooling alternatives as well as traditional insurance options to school districts. However, at the present time SORSA is the only pooling option in which the pool retains and shares significant risk (\$100,000 each loss Property, \$150,000 each loss third party Liability).

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This retained and shared limit offers the opportunity for the pool to build member-owned equity. In this respect, SORSA presents a unique offering to its 76 school districts that are participating as of June 30, 2007.

The Career Center participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry and Williams Counties and other eligible governmental entities. The Career Center pays monthly premiums to the Northern Buckeye Education Council for employee medical, dental and life insurance benefits. Northern Buckeye Education Council is responsible for the management and operations of the program. Upon withdrawal from the Program, a participant is responsible for the payment of all Program liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2007, the Career Center participated in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

Note 10 – Defined Benefit Pension Plans

A. State Teachers Retirement System

The Career Center contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to STRS Ohio, 275 East Broad St., Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than

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five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP 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.

For fiscal year ended June 30, 2007, plan members were required to contribute 10% of their annual covered salaries. The Career Center was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was 13%. Contribution rates are established by the STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

The Career Center's required contribution for pension obligations for the fiscal years ended June 30, 2007, 2006, and 2005, were \$1,034,138, \$1,038,895, and \$970,048, respectively. The full amount has been contributed for fiscal years 2007, 2006 and 2005.

B. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute an actuarially determined rate. The rate for fiscal year 2007 is 14% 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 Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$273,678, \$280,347, and \$257,145, respectively, equal to the required contributions for each year.

C. 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, 2007, three members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Note 11 – Postemployment Benefits

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code,

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the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2006 (the latest information available) and June 30, 2005, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount equaled \$62,026 during fiscal 2007.

The balance in the Health Care Stabilization Fund was \$3.5 billion on June 30, 2006 (the latest information available). For the year ended June 30, 2006, (the latest information available) net health care costs paid by STRS Ohio were \$282,743,000, and STRS had \$119,184 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2006 (the latest information available), the healthcare allocation was 3.42%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2007, the minimum pay was established as \$35,800. However, the surcharge is capped at 2% of each employer's SERS salaries. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006 (the latest information available), were \$158,751,207. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006 (the latest information available), the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve to at least 150% of estimated annual net claim costs. At June 30, 2006 (the latest information available), the number of participants eligible to receive benefits was 59,492.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .24429, then adding the surcharge due as of June 30, 2006 (the latest information available), as certified to your district SERS.

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Note 12 – Employee Benefits

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. All twelve-month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days.

All regular employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 25% of unused sick leave up to 205 days for a maximum of 51.25 days for all classified and administrative employees. All certified employees are entitled to 25% of unused sick leave up to 205 days or a maximum of 51.25 days.

At June 30, 2007 the current amount of unpaid compensated absences in all funds was \$158,989. The long-term amount of unpaid compensated absences in all funds was \$1,076,471.

B. Health Care Benefits

The Career Center provides employee health care benefits through membership in the Northern Buckeye Education Council (NBEC). Monthly payments are made to the NBEC for health, dental and life insurance coverage. Vision insurance is provided through Vision Service Plan. The employees share the cost of the monthly premiums with the Board of Education.

Note 13 – Long-Term Obligations

Changes in the Career Center’s long-term obligations during fiscal year 2007 were as follows:

	<u>Balance at</u> <u>06/30/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>06/30/07</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Asbestos Loans	\$ 720,469	\$ -	\$ 123,861	\$ 596,608	\$ 123,861
Compensated Absences	<u>1,094,019</u>	<u>-</u>	<u>17,548</u>	<u>1,076,471</u>	<u>-</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$1,814,488</u>	<u>\$ -</u>	<u>\$ 141,409</u>	<u>\$1,673,079</u>	<u>\$ 123,861</u>

The Career Center has two approved interest free loans and grants from EPA Assistance/U.S. Environmental Protection Agency for friable asbestos removal. This loan and grant was for asbestos removal over a three-year period beginning in the summer of 1993 and ending in the summer of 1995. The loans are paid semi-annually over an eighteen year period. The loan is being paid from the Permanent Improvement Fund, which is classified as a Capital Project Fund Type.

Compensated absences and employee bonuses will be paid from the fund from which the employees’ salaries are paid.

Total expenditures for interest for the above debt for the period ended June 30, 2007 was \$0.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

Principal and interest requirements to retire the Asbestos loans outstanding at June 30, 2007 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2008	\$ 123,861	\$ -	\$ 123,861
2009	123,862	-	123,862
2010	123,861	-	123,861
2011	123,862	-	123,862
2012	81,546	-	81,546
2013-2014	19,616	-	19,616
Total	<u>\$ 596,608</u>	<u>\$ -</u>	<u>\$ 596,608</u>

Note 14 – Set-Asides

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

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

	Textbooks	Capital Acquisition
Balance June 30, 2006	\$ (998,161)	\$ -
Current Year Set-Aside Requirement	134,488	134,488
Qualifying Expenditures	(300,345)	(483,257)
Total	<u>\$(1,164,018)</u>	<u>\$ (348,769)</u>
Balance Carried Forward to Fiscal Year 2008	<u>\$(1,164,018)</u>	<u>\$ -</u>

Although the Career Center has offsets and qualifying disbursements during the year that reduced the set-aside requirements below zero, only the amount for textbooks may be used to reduce the set-aside requirements of future years.

Note 15 – Jointly Governed Organizations

A. Northwest Ohio Computer Association

The Career Center is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public educational entities within the boundaries of Defiance, Fulton, Henry, and Williams 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 educational entities.

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. Total disbursements made by the Career Center

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

to NWOCA during this fiscal year were \$34,285. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams and Wood counties. The NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. An elected board consisting of two representatives from each of the six counties in which the member's educational entities are located governs NBEC. The board is elected from an assembly consisting of a representative from each participating educational entity. The degree of control exercised by any participating educational entity is limited to its representation on the Board. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Note 16 – Group Purchasing Pools

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, and life insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties in which the member educational entities are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2007, the Career Center contributed a total for all three plans of \$1,422,096, which represented 4.32% of total contributions. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool. The WCGRP is governed by the NBEC and the plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program. The Career Center paid \$1,688 in enrollment fees for fiscal year 2007.

C. Schools of Ohio Risk Sharing Authority (SORSA)

The Career Center participates in an insurance pool with SORSA. SORSA was formed as a result of a crisis in the availability of third party liability insurance for Ohio school districts. The Career Center paid \$63,634 to SORSA in fiscal year 2007.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007**

Note 17 – School Funding

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The Career Center is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

Note 18 – Contingencies

A. Grants

The Career Center receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement 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 Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

B. Litigation

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

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The Career Center is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2007
(Non-GAAP Basis)**

Federal Grantor/Pass Through Grantor Program Title	Project Number	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Adult Education - State Grant Program	050963-ABS1-2007	84.002	\$ 132,230	\$ 132,230
Vocational Education - Basic Grants to States				
Secondary Perkins	050963-20C1-2007	84.048	354,755	361,835
Adult Perkins	050963-20C2-2007	84.048	<u>67,449</u>	<u>67,449</u>
			422,204	429,284
Safe and Drug-Free Schools and Communities	050963-DRS1-2007	84.186	1,741	1,741
Improving Teacher Quality State Grants (Title II, Part A)	050963-TRS1-2007	84.367	4,720	4,720
Innovative Education Program Strategies	050963-C23S1-2007	84.298	<u>1,303</u>	<u>1,303</u>
Total Department of Education			562,198	569,278
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Nutrition Cluster:				
National School Lunch Program		10.555	52,898	52,898
School Breakfast Program		10.553	<u>7,678</u>	<u>7,678</u>
Total Department of Agriculture and Nutrition Cluster			<u>60,576</u>	<u>60,576</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 622,774</u>	<u>\$ 629,854</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
*June 30, 2007***

Note 1 – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a summary of the activity of the Career Center's federal award programs. The Schedule has been prepared on the cash (Non-GAAP) basis of accounting.

Note 2 – Food Distribution

Monies received under federal provisions are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2007, the Career Center had no food commodities in inventory.

STEYER & CO.

Certified Public Accountants

2000 NORTH CLINTON STREET
DEFIANCE, OHIO 43512
PHONE (419) 782-1030
FAX (419) 782-5298

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, as of and for the year ended June 30, 2007, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Career Center's internal control.

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

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Steyer & Co." with a period at the end.

STEYER & CO.

Defiance, Ohio
December 6, 2007

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

Board of Education
Four County Career Center
Archbold, Ohio

Compliance

We have audited the compliance of the Four County Career Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Career Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, the Career Center complied, In all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Career Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Career Center's internal control over compliance.

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

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

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

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

A handwritten signature in black ink that reads "Steyer & Co." in a cursive script.

STEYER & CO.

Defiance, Ohio
December 6, 2007

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? _____yes X no
Reportable condition(s) identified
not considered to be material weaknesses? _____yes X none reported

Noncompliance material to financial statements
noted? _____yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____yes X no
Reportable condition(s) identified
not considered to be material weaknesses? _____yes X none reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section.510(a)? _____yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education – Basic Grants to States

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____yes X no

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section II – Schedule of Financial Statement Findings

None

Section III – Schedule of Federal Award Findings and Questioned Costs

None

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS & QUESTIONED COSTS
*YEAR ENDED JUNE 30, 2007***

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Action Taken</u>
2006-1	Improper recording of tax receipts	Yes	No problems existed during the fiscal year.
2006-2	Non-approval of advance by formal resolution	Yes	No problems existed during the fiscal year.
2006-3	Improper expenditure of federal grant money	Yes	No problems existed during the fiscal year.



Mary Taylor, CPA
Auditor of State

FOUR COUNTY CAREER CENTER

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
JANUARY 31, 2008**