

Apollo Career Center

Allen County

Single Audit

July 1, 2007 through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Board of Education
Apollo Career Center
3325 Shawnee Road
Lima, Ohio 45806

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 3, 2009

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Apollo Career Center
Allen County, Ohio

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Independent Auditor's Report

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center (the Career Center), Allen County, Ohio, as of and for the year ended June 30, 2008, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the Career Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

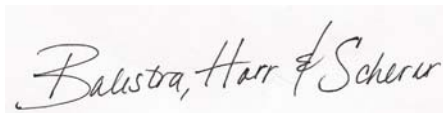
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Career Center, as of June 30, 2008, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and Adult Education funds thereof, for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2009, on our consideration of the Career Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring and presenting 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 federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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.

As described in Note 3 to the basic financial statements, the Career Center implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*.

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

Balestra, Harr & Scherer, CPAs, Inc.

February 20, 2009

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of Apollo Career Center's financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2008, within the limitations of the cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Career Center's financial performance.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Career Center's modified cash basis of accounting.

The Career Center has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the Career Center's modified cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole Career Center.

Fund financial statements provide a greater 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 a single column. For Apollo Career Center, the General Fund, Adult Education special revenue fund, and Permanent Improvement capital projects fund are the most significant funds.

Reporting the Career Center as a Whole

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2008, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the Career Center at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the Career Center's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Career Center is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Career Center's general receipts.

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

These statements report the Career Center's cash position and the changes in cash position. Factors which contribute to these changes may 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, all of the Career Center's activities are presented as governmental activities. All of the Career Center's programs and services are reported here including instruction, support services, noninstructional services, extracurricular activities, capital outlay, and debt service disbursements.

Reporting the Career Center's Most Significant Funds

Fund financial statements provide detailed information about the Career Center's major funds. While the Career Center uses many funds to account for its financial transactions, the fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the General Fund, Adult Education special revenue fund, and Permanent Improvement capital projects fund.

Governmental Funds - All 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 for spending in future periods. These funds are reported using the modified cash basis accounting. The governmental fund financial 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.

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.

The Career Center as a Whole

Table 1 provides a summary of the Career Center's net assets for fiscal year 2008 and 2007:

Table 1 Governmental Activities Net Assets			
	2008	2007	Change
<u>Assets:</u>			
Cash and Cash Equivalents	\$2,809,791	\$3,876,646	(\$1,057,112)
Investments	2,501,578	1,996,631	495,204
	5,311,369	5,873,277	(561,908)
<u>Net Assets:</u>			
Restricted	920,184	2,047,772	(1,127,588)
Unrestricted	4,391,185	3,825,505	565,680
Total Net Assets	\$5,311,369	\$5,873,277	(\$561,908)

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Total net assets decreased \$561,908, or almost 10 percent. During fiscal year 2008, disbursements increased from completing construction of a truck driving academy center, opening a teacher academy at Elida Local School District and a family consumer science program at Bath Local School District, and purchasing a significant amount of vocational and educational equipment.

Table 2 reflects the change in net assets for fiscal year 2008 and 2007.

Table 2
Change in Net Assets

	2008	2007	Change
<u>Receipts:</u>			
Program Receipts			
Charges for Services	\$3,355,510	\$3,625,535	(\$270,025)
Operating Grants, Contributions, and Interest	2,935,277	2,773,341	161,936
Total Program Receipts	<u>6,290,787</u>	<u>6,398,876</u>	<u>(108,089)</u>
General Receipts			
Property Taxes Levied for General Purposes	3,115,669	3,340,495	(224,826)
Property Taxes Levied for Permanent Improvements	698,778	780,553	(81,775)
Grants and Entitlements	3,931,480	3,595,985	335,495
Interest	246,702	226,237	20,465
Miscellaneous	314,726	334,691	(19,965)
Total General Receipts	<u>8,307,355</u>	<u>8,277,961</u>	<u>29,394</u>
Total Receipts	<u>14,598,142</u>	<u>14,676,837</u>	<u>(78,695)</u>
<u>Disbursements:</u>			
Instruction:			
Regular	387,523	277,968	109,555
Special	117,058	91,264	25,794
Vocational	5,625,119	5,097,351	527,768
Adult/Continuing	2,274,259	2,148,944	125,315
Support Services:			
Pupils	591,655	612,552	(20,897)
Instructional Staff	1,212,740	1,180,413	32,327
Board of Education	48,175	44,339	3,836
Administration	794,658	704,183	90,475
Fiscal	440,821	418,259	22,562
Operation and Maintenance of Plant	1,053,839	966,248	87,591
Pupil Transportation	15,363	7,810	7,553
Central	409,057	353,923	55,134
Noninstructional Services	293,890	287,320	6,570
Extracurricular Activities	14,241	13,009	1,232

(continued)

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2
Change in Net Assets
(continued)

	2008	2007	Change
<u>Disbursements:</u> (continued)			
Capital Outlay	\$1,747,815	\$880,732	\$867,083
Debt Service:			
Principal Retirement	133,837	133,837	0
Total Disbursements	15,160,050	13,218,152	1,941,898
Increase (Decrease) in Net Assets	(561,908)	1,458,685	(2,020,593)
Net Assets at Beginning of Year	5,873,277	4,414,592	1,458,685
Net Assets at End of Year	\$5,311,369	\$5,873,277	(\$561,908)

Program receipts are primarily represented by restricted intergovernmental receipts, charges for tuition, fees, customer services, and food service sales. Program receipts for charges for services decreased by 7 percent. The decrease is primarily from a slight reduction in tuition received for the adult education and career enhancement programs. Tuition for these programs was \$2,272,434 of these receipts.

Property taxes and grants and entitlements basically make up the Career Center's general receipts. Other general receipts are generally immaterial and unpredictable. Overall, general receipts increased less than 1 percent from the prior fiscal year.

The major program disbursements for governmental activities are for instruction, which accounts for 55 percent of all governmental disbursements. Disbursements associated with instruction increased in fiscal year 2008 due to hiring an additional teacher's aide and wage increases. Vocational instruction disbursements also increased for costs associated with opening a teacher academy at Elida Local School District and a family consumer science program at Bath Local School District.

Other programs which support the instruction process including pupils, instructional staff, administration, and operation and maintenance of plant account for 24 percent of governmental disbursements, which is comparable to fiscal year 2007.

The administration disbursements increased from the payment of severance for the retirement of three administrators that were rehired at a higher salary, along with hiring a part-time secretary and an IT employee.

Central disbursements increased from the cost of advertising.

Capital outlay disbursements increased by 98 percent from completing construction of a truck driving academy center and the purchase a significant amount of vocational and educational equipment

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction:				
Regular	\$387,523	\$277,968	\$374,602	\$252,417
Special	117,058	91,264	(292,236)	(301,325)
Vocational	5,625,119	5,097,351	2,839,551	2,522,715
Adult/Continuing	2,274,259	2,148,944	(491,426)	(687,607)
Support Services:				
Pupils	591,655	612,552	586,655	602,403
Instructional Staff	1,212,740	1,180,413	1,212,740	1,180,413
Board of Education	48,175	44,339	48,175	44,339
Administration	794,658	704,183	794,658	704,183
Fiscal	440,821	418,259	440,821	418,259
Operation and Maintenance of Plant	1,053,839	966,248	1,053,839	966,248
Pupil Transportation	15,363	7,810	15,363	7,810
Central	409,057	353,923	406,057	350,923
Noninstructional Services	293,890	287,320	(15,429)	(269,080)
Extracurricular Activities	14,241	13,009	14,241	13,009
Capital Outlay	1,747,815	880,732	1,747,815	880,732
Debt Service:				
Principal Retirement	133,837	133,837	133,837	133,837
Total Disbursements	<u>\$15,160,050</u>	<u>\$13,218,152</u>	<u>\$8,869,263</u>	<u>\$6,819,276</u>

Instructional activities were supported by tax receipts and unrestricted grants and entitlements by 29 percent in fiscal year 2008 which is 6 percent higher than fiscal year 2007. Special and adult/continuing instruction activities were fully funded through program receipts. This is the result of operating grants restricted for special instruction purposes and customer charges for adult/continuing instruction purposes.

Noninstructional services includes food service activities. All noninstructional services were covered by program receipts for fiscal year 2007 and 2008. This is primarily due to cafeteria sales and state and federal subsidies for food service.

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified cash basis of accounting. The General Fund had receipts of \$10,111,790 and disbursements of \$9,674,411. Receipts within the General Fund did not increase significantly, less than 1 percent. Disbursements increased 11 percent due to hiring three more employees, an increase in salaries for administrators, and wage and step increases for union employees of 3 percent and 5 percent, respectively.

The Adult Education special revenue fund had a 46 percent decrease in fund balance due to capital outlay of \$250,000 to cover a portion of the costs associated with the truck driving academy center.

The Permanent Improvement capital projects fund balance decreased due to the construction of the truck driving academy center and the purchase of instructional and vocational equipment.

Budgeting Highlights

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

During fiscal year 2008, the Career Center amended its General Fund budget as needed. Changes from both the original budget to the final budget and from the final budget to actual receipts were not significant. The same can be said for disbursements.

Although the financial statements present negative variances between actual disbursements and final budgeted amounts on the function level, the Career Center was in budgetary compliance on the fund level.

Actual General Fund receipts were greater than disbursements by \$105,984. The Career Center received more in State Foundation receipts. Foundation receipts increased from increased enrollment and a higher state reimbursement per pupil. Disbursements increased within the fiscal year for salaries and fringes relating to additional satellities and for normal increases.

Debt Administration

Debt

At June 30, 2008, the Career Center's outstanding debt consisted of interest free loans for the construction of additions to the facilities, in the amount of \$1,231,207. For further information regarding the Career Center's debt, refer to Note 10 to the basic financial statements.

Current Issues

For fiscal year 2009, the Career Center added a marketing satellite at Elida Local School District and employed an additional IT employee, an English teacher, a science teacher, and a counselor.

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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 Greg Bukowski, Treasurer, Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.

Apollo Career Center
Statement of Net Assets - Modified Cash Basis
June 30, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,810,151
Investments	<u>2,501,218</u>
Total Assets	5,311,369
 <u>Net Assets:</u>	
Restricted for:	
Capital Projects	\$575,517
Other Purposes	344,667
Unrestricted	<u>4,391,185</u>
Total Net Assets	<u><u>\$5,311,369</u></u>

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2008

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Assets
Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	
<u>Governmental Activities:</u>				
Current:				
Instruction:				
Regular	\$387,523	\$0	\$12,921	(\$374,602)
Special	117,058	0	409,294	292,236
Vocational	5,625,119	874,484	1,911,084	(2,839,551)
Adult/Continuing	2,274,259	2,272,434	493,251	491,426
Support Services:				
Pupils	591,655	0	5,000	(586,655)
Instructional Staff	1,212,740	0	0	(1,212,740)
Board of Education	48,175	0	0	(48,175)
Administration	794,658	0	0	(794,658)
Fiscal	440,821	0	0	(440,821)
Operation and Maintenance of Plant	1,053,839	0	0	(1,053,839)
Pupil Transportation	15,363	0	0	(15,363)
Central	409,057	0	3,000	(406,057)
Noninstructional Services	293,890	208,592	100,727	15,429
Extracurricular Activities	14,241	0	0	(14,241)
Capital Outlay	1,747,815	0	0	(1,747,815)
Debt Service:				
Principal Retirement	133,837	0	0	(133,837)
Total Governmental Activities	\$15,160,050	\$3,355,510	\$2,935,277	(8,869,263)
<u>General Receipts:</u>				
Property Taxes Levied for:				
General Purposes				3,115,669
Permanent Improvements				698,778
Grants and Entitlements not Restricted to Specific Programs				3,931,480
Interest				246,702
Miscellaneous				314,726
Total General Receipts				8,307,355
Change in Net Assets				(561,908)
Net Assets at Beginning of Year				5,873,277
Net Assets at End of Year				\$5,311,369

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2008

	General	Adult Education	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$1,705,354	\$298,885	\$575,517	\$230,395	\$2,810,151
Investments	2,501,218	0	0	0	2,501,218
Total Assets	4,206,572	298,885	575,517	230,395	5,311,369
<u>Fund Balances:</u>					
Reserved for Encumbrances	\$331,395	\$197,615	\$234,708	\$8,315	\$772,033
Unreserved, Designated for Termination Benefits	0	0	0	184,613	184,613
Unreserved, Reported in:					
General Fund	3,875,177	0	0	0	3,875,177
Special Revenue Funds	0	101,270	0	37,467	138,737
Capital Projects Fund	0	0	340,809	0	340,809
Total Fund Balances	\$4,206,572	\$298,885	\$575,517	\$230,395	\$5,311,369

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Receipts, Disbursements, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Adult Education	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$3,115,669	\$0	\$698,778	\$0	\$3,814,447
Intergovernmental	5,745,900	377,407	165,250	555,281	6,843,838
Interest	246,702	21,723	0	1,196	269,621
Tuition and Fees	757,114	2,272,434	0	0	3,029,548
Charges for Services	117,370	0	0	208,592	325,962
Miscellaneous	129,035	177,754	299	7,638	314,726
Total Receipts	10,111,790	2,849,318	864,327	772,707	14,598,142
<u>Disbursements:</u>					
Current:					
Instruction:					
Regular	387,523	0	0	0	387,523
Special	117,058	0	0	0	117,058
Vocational	5,426,273	0	10,413	188,433	5,625,119
Adult/Continuing	0	2,227,120	0	47,139	2,274,259
Support Services:					
Pupils	508,453	38,202	0	45,000	591,655
Instructional Staff	485,780	556,267	307	170,386	1,212,740
Board of Education	48,175	0	0	0	48,175
Administration	779,350	0	345	14,963	794,658
Fiscal	426,340	0	14,481	0	440,821
Operation and Maintenance of Plant	1,045,375	2,908	5,556	0	1,053,839
Pupil Transportation	15,363	0	0	0	15,363
Central	409,057	0	0	0	409,057
Non-Instructional Services	3,050	0	0	290,840	293,890
Extracurricular Activities	14,241	0	0	0	14,241
Capital Outlay	8,373	250,000	1,489,442	0	1,747,815
Debt Service:					
Principal Retirement	0	80,504	53,333	0	133,837
Total Disbursements	9,674,411	3,155,001	1,573,877	756,761	15,160,050
Excess of Receipts Over (Under) Disbursements	437,379	(305,683)	(709,550)	15,946	(561,908)
<u>Other Financing Sources (Uses):</u>					
Advances In	173,238	125,000	0	54,550	352,788
Advances Out	(179,550)	(125,000)	0	(48,238)	(352,788)
Transfers In	0	50,000	0	0	50,000
Transfers Out	(50,000)	0	0	0	(50,000)
Total Other Financing Sources (Uses)	(56,312)	50,000	0	6,312	0
Changes in Fund Balances	381,067	(255,683)	(709,550)	22,258	(561,908)
Fund Balances at Beginning of Year	3,825,505	554,568	1,285,067	208,137	5,873,277
Fund Balances at End of Year	\$4,206,572	\$298,885	\$575,517	\$230,395	\$5,311,369

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts:</u>				
Property Taxes	\$3,106,253	\$3,127,253	\$3,115,669	(\$11,584)
Intergovernmental	5,716,870	5,965,370	5,745,900	(219,470)
Interest	291,911	251,911	246,702	(5,209)
Tuition and Fees	708,924	761,924	757,114	(4,810)
Charges for Services	81,134	117,134	117,370	236
Miscellaneous	44,695	108,695	129,035	20,340
Total Receipts	9,949,787	10,332,287	10,111,790	(220,497)
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	359,040	359,040	401,050	(42,010)
Special	107,776	107,776	119,747	(11,971)
Vocational	5,055,419	5,196,541	5,495,202	(298,661)
Support Services:				
Pupils	563,492	563,492	534,098	29,394
Instructional Staff	513,607	513,607	512,812	795
Board of Education	59,055	59,055	48,247	10,808
Administration	766,344	766,344	850,491	(84,147)
Fiscal	452,257	452,257	444,510	7,747
Operation and Maintenance of Plant	1,150,254	1,150,254	1,126,517	23,737
Pupil Transportation	12,184	12,184	19,363	(7,179)
Central	424,356	424,356	424,511	(155)
Non-Instructional Services	500	3,900	3,099	801
Extracurricular Activities	10,590	10,590	17,318	(6,728)
Capital Outlay	4,000	4,000	8,841	(4,841)
Total Disbursements	9,478,874	9,623,396	10,005,806	(382,410)
Excess of Receipts Over Disbursements	470,913	708,891	105,984	(602,907)
<u>Other Financing Sources (Uses):</u>				
Other Financing Uses	(4,279,601)	(4,279,601)	0	4,279,601
Sale of Capital Assets	230,000	0	0	0
Advances In	581,994	586,994	173,238	(413,756)
Advances Out	(485,832)	(576,832)	(179,550)	397,282
Transfers In	1,000	4,000	0	(4,000)
Transfers Out	(75,000)	(75,000)	(50,000)	25,000
Total Other Financing Sources (Uses)	(4,027,439)	(4,340,439)	(56,312)	4,284,127
Changes in Fund Balance	(3,556,526)	(3,631,548)	49,672	3,681,220
Fund Balance at Beginning of Year	3,157,223	3,157,223	3,157,223	0
Prior Year Encumbrances Appropriated	668,282	668,282	668,282	0
Fund Balance at End of Year	\$268,979	\$193,957	\$3,875,177	\$3,681,220

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Receipts:</u>				
Intergovernmental	\$365,375	\$375,375	\$377,407	\$2,032
Interest	20,000	20,000	21,723	1,723
Tuition and Fees	2,316,000	2,288,000	2,272,434	(15,566)
Miscellaneous	181,000	191,000	177,754	(13,246)
Total Receipts	2,882,375	2,874,375	2,849,318	(25,057)
<u>Disbursements:</u>				
Current:				
Instruction:				
Vocational	2,165,357	2,165,357	2,369,382	(204,025)
Support Services:				
Pupils	48,218	48,218	54,475	(6,257)
Instructional Staff	634,719	634,719	595,347	39,372
Operation and Maintenance of Plant	0	0	2,908	(2,908)
Capital Outlay	0	0	250,000	(250,000)
Debt Service:				
Principal Retirement	0	80,504	80,504	0
Total Disbursements	2,848,294	2,928,798	3,352,616	(423,818)
Excess of Receipts Over (Under) Disbursements	34,081	(54,423)	(503,298)	(448,875)
<u>Other Financing Sources (Uses)</u>				
Advances In	0	125,000	125,000	0
Advances Out	0	(125,000)	(125,000)	0
Transfers In	0	0	50,000	50,000
Transfers Out	0	(500,000)	0	500,000
Total Other Financing Sources (Uses)	0	(500,000)	50,000	550,000
Changes in Fund Balance	34,081	(554,423)	(453,298)	101,125
Fund Balance at Beginning of Year	431,690	431,690	431,690	0
Prior Year Encumbrances Appropriated	122,878	122,878	122,878	0
Fund Balance at End of Year	\$588,649	\$145	\$101,270	\$101,125

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement Basis Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$169,402	\$53,108
Investments	82,516	0
Total Assets	\$251,918	\$53,108
 <u>Net Assets:</u>		
Endowments	\$30,761	\$0
Held in Trust for Scholarships	138,641	0
Held for Student Activities	0	53,108
Total Net Assets	\$169,402	\$53,108

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

<u>Additions:</u>	
Contributions	\$15,250
Interest	(5,874)
Other	<u>34,245</u>
Total Additions	43,621
 <u>Deductions:</u>	
Non-Instructional Services	<u>28,998</u>
Change in Net Assets	14,623
Net Assets at Beginning of Year	<u>154,779</u>
Net Assets at End of Year	<u><u>\$169,402</u></u>

See Accompanying Notes to Basic Financial Statements

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

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

Apollo Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating School District's elected boards. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established on February 12, 1973. The Career Center serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by thirty-eight classified employees, eighty certified teaching personnel, and ten administrators who provide services to seven hundred forty-three students and other community members. The Career Center currently operates six instructional buildings.

Reporting Entity

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

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 13 and 14 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Career Center's accounting policies.

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

A. Basis of Presentation

The Career Center's basic financial statements consist of government-wide financial 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 cash balance of the governmental activities of the Career Center at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the Career Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Career Center is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Career Center's general receipts.

Fund Financial Statements

During the fiscal 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Career Center are divided into two categories, governmental and fiduciary.

Governmental Funds

The Career Center classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Career Center's major funds are the General Fund, Adult Education special revenue fund, and Permanent Improvement capital projects fund.

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

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 balance is available to the Career Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

Adult Education Fund - The Adult Education special revenue fund is used to account for grants and tuition associated with providing education to adults.

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for the acquisition, construction, or improvement of capital facilities.

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

Fiduciary Funds

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 not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for unallocated Pell grants and various noninstructional staff-related and student-managed activities.

C. Basis of Accounting

The Career Center's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Career Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. The modification from cash basis of accounting is that investments are reported on the statement of net assets.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

D. Budgetary Process

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

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the Career Center prior to fiscal year end.

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

E. Cash and Investments

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

During fiscal year 2008, the Career Center’s investments included nonnegotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. 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, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 was \$246,702, which included \$53,713 assigned from other Career Center funds.

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 are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

G. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the Career Center.

H. Long-Term Obligations

Modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

I. Net 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. Net assets restricted for other purposes include resources restricted for food service operations, adult education programs, vocational programs, and federal and state grants. The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation as of June 30, 2008.

J. Fund Balance Reserves

The Career Center reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

K. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 disbursements to the funds that initially paid for them are not presented on the financial statements.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

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 may 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;

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

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent 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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
9. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

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. The Career Center has no deposit policy for custodial credit 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 percent of the deposits being secured. At fiscal year end, The Career Center's bank balance of \$2,167,259 was either covered by FDIC or collateralized with securities held by the pledging financial institution trust department but not in the manner described above. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

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

Investments

As of June 30, 2008, the Career Center had the following investments.

	Carrying Value	Maturity
Federal National Mortgage Association Notes	\$1,000,000	April 1, 2010
Federal Home Loan Bank Bonds	501,218	March 26, 2012
Federal Home Loan Bank Notes	500,000	October 3, 2012
Federal Home Loan Mortgage Corporation Notes	500,000	December 10, 2012
Growth Fund of America Mutual Fund	22,580	
Income Fund of America Mutual Fund	18,202	6.85 Years
Washington Mutual Investors Mutual Fund	27,568	
Fundamental Investors Mutual Fund	14,166	
STAR Ohio	1,265,568	53.8 Days
Total Investments	\$3,849,302	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the Career Center. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

Credit Risk – Credit risk is the risk that an issuer of other counterparty to an investment will not fulfill its obligations. The Federal National Mortgage Association Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, and Federal Home Loan Mortgage Corporation Notes carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAAM by Standard and Poor’s. The mutual funds are not rated. The Growth Fund of America, Washington Mutual Investors, and Fundamental Investors mutual funds do not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single user. The Career Center places no limit on the amount of its interim monies it may invest in a particular security. The mutual funds are investments of the Apollo Educational Foundation private purpose trust fund. The following table indicates the percentage of each investment to the Career Center’s total portfolio.

	Carrying Value	Percentage of Portfolio
Federal National Mortgage Association Notes	\$1,000,000	25.98%
Federal Home Loan Bank Bonds	501,218	13.02
Federal Home Loan Bank Notes	500,000	12.99
Federal Home Loan Mortgage Corporation Notes	500,000	12.99
STAR Ohio	1,265,568	32.88

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

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Career centers investments are either insured and registered in the name of the Career Center or at least registered in the name of the Career Center.

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 property, public utility property, and tangible personal (used in business) property located within the area served by the Career Center. Real property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent 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 property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after October 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 2009. 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 Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert 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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

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

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$1,391,795,310	69.36%	\$1,413,169,970	74.70%
Industrial/Commercial	341,716,550	17.03	358,136,980	18.93
Public Utility	89,005,030	4.44	75,967,290	4.02
Tangible Personal	184,098,224	9.17	44,563,117	2.35
Total Assessed Value	<u>\$2,006,615,114</u>	<u>100.00%</u>	<u>\$1,891,837,357</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

NOTE 6 - 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 2008, the Career Center contracted with the Schools of Ohio Risk Sharing Authority for the following insurance coverage:

Building and Contents - Replacement Cost	\$32,660,543
Automobile Liability	1,000,000
Excess Liability	5,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate	3,000,000

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 the prior fiscal year.

In fiscal year 2008, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of ten school districts and the Allen County Educational Service Center. The Career Center pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

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

The Career Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (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 third party administrator, Sheakley Uniservice, Inc., reviews each participant's claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the Career center is required to contribute 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 Retirement Board acting with the advice of the actuary, allocated the current employer contribution rate among the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ending 2008, it was determined the employer contribution rate to pension and death benefits to be 9.16%. The remaining 4.84% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The Career Center's contributions to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$244,441, \$223,472, and \$173,940, respectively; which were equal to the required amounts for those years.

State Teachers Retirement System

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

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

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit

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

payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

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

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

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

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

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

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization,

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

physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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

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

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent. The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$858,580, \$796,271, and \$696,483, respectively; which were equal to the required amounts for those years.

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

Social Security System

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

NOTE 8 - POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

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

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

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. For the School District, these amounts equaled \$61,327, \$56,876, and \$49,748 for fiscal years 2008, 2007, and 2006, respectively.

School Employees Retirement System

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2008 was \$11,523; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2008, 2007, and 2006, the actuarially required allocations were 0.66 percent, 0.68 percent, and 0.78 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2008, 2007, and 2006 were \$12,125, \$10,854, and \$11,596, respectively, which equaled the required contributions for those years.

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, 2007, and 2006, the health care allocations were 4.18 percent, 3.32 percent, and 3.42 percent, respectively. The actuarially required contribution (ARC), as of the June 30, 2008 annual valuation, was 13.41 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. For the School District, the amounts contributed to fund

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

health care benefits, including the surcharge, during the 2008, 2007, and 2006 fiscal years equaled \$76,793, \$52,995, and \$50,844, respectively; 96 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$61,459.

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

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

NOTE 9 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-four days of vacation per year, depending upon length of service. The Superintendent is entitled to thirty-six days of vacation per year. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred thirty days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued but unused sick leave credit to a maximum of fifty-seven days.

B. Employee Insurance Benefits

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employee pays 10 percent of the cost of the monthly premium. The premium varies with each employee depending on the terms of the union contract. The Career center provides life insurance and accidental death and dismemberment insurance to all contract employees through CBA Benefit Services.

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

NOTE 10 - LONG-TERM OBLIGATIONS

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

	Balance at 6/30/07	Additions	Reductions	Balance at 6/30/08
Building Assistance Loans 0%	\$1,365,044	\$0	\$133,837	\$1,231,207

Building Assistance Loans - In March 2002, the Career Center obtained an interest-free loan for the construction of an adult education addition, in the amount of \$1,019,779. The loan was issued for a fifteen year period with final maturity in July 2017. The loan is being retired from the Adult Education special revenue fund.

In January 2003, the Career Center obtained an interest-free loan for the construction of an equipment building, in the amount of \$800,000. The loan was issued for a fourteen year period with final maturity in July 2018. The loan is being retired from the Permanent Improvement capital projects fund.

The Career Center's overall debt margin was \$159,497,179 with an unvoted debt margin of \$1,772,191 at June 30, 2008.

Principal requirements to retire the outstanding loans at June 30, 2008, were as follows:

Fiscal year Ending June 30,	Principal
2009	\$133,838
2010	133,838
2011	133,838
2012	133,838
2013	133,838
2014-2017	562,017
Total	\$1,231,207

NOTE 11 - SET ASIDE REQUIREMENTS

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 fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2008.

	Textbooks	Capital Improvements
Balance June 30, 2007	(\$860,977)	\$0
Current Year Set Aside Requirement	131,034	131,034
Qualifying Expenditures	(341,520)	0
Current Year Offsets	0	(131,034)
Amount Carried Forward to Fiscal Year 2009	(\$1,071,463)	\$0
Set Aside Reserve Balance June 30, 2008	\$0	\$0

The Career Center had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

NOTE 12 - INTERFUND TRANSFERS

During fiscal year 2008, the General Fund transferred \$50,000 to the Adult Education special revenue fund to subsidize the program.

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. 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 governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2008, the Career Center paid \$25,288 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

NOTE 14 - INSURANCE POOLS

A. Schools of Ohio Risk Sharing Authority

The Career Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

B. Allen County Schools Health Benefits Plan

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Schools Health Benefits Plan, 204 North Main Street, Lima, Ohio 45801.

C. Ohio Association of School Business Officials (OASBO) Workers' 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 OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 16 – ACCOUNTABILITY AND COMPLIANCE

Ohio Administrative Code section 117-2-03 requires the Career Center to prepare its annual financial report in accordance with general accepted accounting principles. For fiscal year 2008, the Career Center prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

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

NOTE 17 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general fund and adult education fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding for year ended June 30, 2008 amounted to \$331,395 and \$197,615, respectively, for the general fund and the adult education fund.

Apollo Career Center
Allen County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05-PU	10.553	\$ 10,274	\$ -	\$ 10,274	\$ -
National School Lunch Program	LL-P4	10.555	87,193	-	87,193	-
Total - Nutrition Cluster			97,467	-	97,467	-
Food Donation	NA	10.550	-	8,842	-	8,842
Team Nutrition Grant	NA	10.574	300	-	300	-
Total United States Department of Agriculture			97,767	8,842	97,767	8,842
United States Department of Education						
<i>Direct from the Federal Government</i>						
<i>Student Financial Aid Cluster:</i>						
Federal Pell Grant Program	N	84.063	216,084	-	216,804	-
Total Student Financial Aid Cluster			216,084	-	216,804	-
<i>Passed through the Ohio Department of Education</i>						
Adult Education - State Grant Program	ABS1	84.002	78,888	-	78,888	-
Career and Technical Education - Basic Grants to States	20-C2	84.048	299,259	-	299,259	-
Safe and Drug Free Schools and Communities - State Grants	DR-S1	84.186	2,694	-	2,694	-
State Grants for Innovative Programs	C2-S1	84.298	2,061	-	3,234	-
Improving Teacher Quality State Grants	TR-S1	84.367	5,736	-	5,736	-
Total United States Department of Education			604,722	-	606,615	-
Total Federal Financial Assistance			\$ 702,489	\$ 8,842	\$ 704,382	\$ 8,842

NA - Pass Through Entity Number is Not Available
N - Direct from the Federal Government

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION

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

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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*

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Apollo Career Center, Allen County (the Career Center) as of and for the year ended June 30, 2008, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated February 20, 2009 in which we noted that the Career Center adopted Governmental Accounting Standards Board Statement No. 45 and Statement No. 50. We also noted that the Career Center follows the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not to opine on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we have not opined 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 the modified cash basis of accounting such that there is more than a remote likelihood that the Career Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

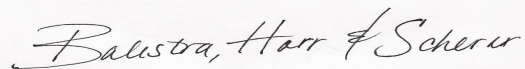
Compliance and Other Matters

As part of reasonably assuring whether the Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2008-001.

We also noted a certain noncompliance or other matters not requiring inclusion in this report that we reported to the Career Center's management in a separate letter dated February 20, 2009.

The Career Center's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Career Center's response, and accordingly, we express no opinion on it.

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



Balestra, Harr & Scherer, CPAs, Inc.

February 20, 2009

BALESTRA, HARR & SCHERER, CPAs, INC.

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

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

Compliance

We have audited the compliance of the Apollo Career Center, Allen County (the 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 apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the Career Center's major federal program. The Career Center is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. 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 apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

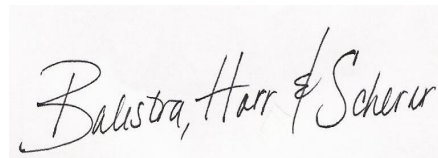
The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control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

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

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

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 defined above.

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

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

Balestra, Harr & Scherer, CPAs, Inc.

February 20, 2009

APOLLO CAREER CENTER
ALLEN COUNTY
JUNE 30, 2008

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

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Career and Technical Education – Basic Grants to State CFDA# 84.048
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

APOLLO CAREER CENTER
ALLEN COUNTY
JUNE 30, 2008

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

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

Finding Number 2008-001

Noncompliance Citation

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the Career Center to prepare its annual financial report in accordance with generally accepted accounting principles. However, the Career Center prepared its financial statements in accordance with the modified cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements and notes omitted assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38 the Career Center may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The Career Center should take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Client Response

The Career Center officials do not believe that preparing financial statements in accordance with generally accepted accounting principles is cost beneficial.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	A noncompliance citation was issued for Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (B), for failing to prepare the Career Center's financial statements in accordance with generally accepted accounting principles.	No	Not Corrected, Reissued as Finding Number 2008-001.



Mary Taylor, CPA
Auditor of State

APOLLO CAREER CENTER

ALLEN 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
APRIL 16, 2009**