

Mary Taylor, CPA
Auditor of State

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

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 Delaware Area Career Center, Delaware County, Ohio (the Career Center), as of and for the year ended June 30, 2009, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware Area Career Center, Delaware County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 13, 2009

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The management's discussion and analysis of the Delaware Area Career Center's (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities increased \$3,161,943 which represents a 12.40% increase from 2008.
- Governmental activities' general revenues accounted for \$14,425,473 in revenue or 80.28% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,543,306 or 19.72% of total revenues of \$17,968,779.
- The Career Center had \$14,806,836 in expenses related to governmental activities; only \$3,543,306 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,425,473 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund and permanent improvement fund. The general fund had \$14,162,540 in revenues and \$12,398,971 in expenditures and other financing uses. The general fund's fund balance increased \$1,763,569 from \$11,289,928 to \$13,053,497.
- The permanent improvement fund had \$1,489,119 in revenues and \$609,628 in expenditures. The permanent improvement fund's fund balance increased \$879,491 from \$835,753 to \$1,715,244.

Using the Basic Financial Statements (BFS)

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

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

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The Career Center's statement of net assets and statement of activities can be found on pages 14 and 15 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 9. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and permanent improvement fund.

Governmental Funds

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 16-20 of this report.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-49 of this report.

The Career Center as a Whole

The statement of net assets provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net assets at June 30, 2009 and June 30, 2008. The net assets of the Career Center were restated at June 30, 2008 as described in Note 3A to the basic financial statements.

	Governmental Activities <u>2009</u>	Restated Governmental Activities <u>2008</u>
<u>Assets</u>		
Current and other assets	\$ 25,992,369	\$ 22,828,847
Capital assets, net	<u>14,183,599</u>	<u>13,815,129</u>
Total assets	<u>40,175,968</u>	<u>36,643,976</u>
<u>Liabilities</u>		
Current liabilities	10,265,544	9,814,851
Long-term liabilities	<u>1,247,518</u>	<u>1,328,162</u>
Total liabilities	<u>11,513,062</u>	<u>11,143,013</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	14,066,933	13,652,436
Restricted	2,002,680	1,094,829
Unrestricted	<u>12,593,293</u>	<u>10,753,698</u>
Total net assets	<u>\$ 28,662,906</u>	<u>\$ 25,500,963</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

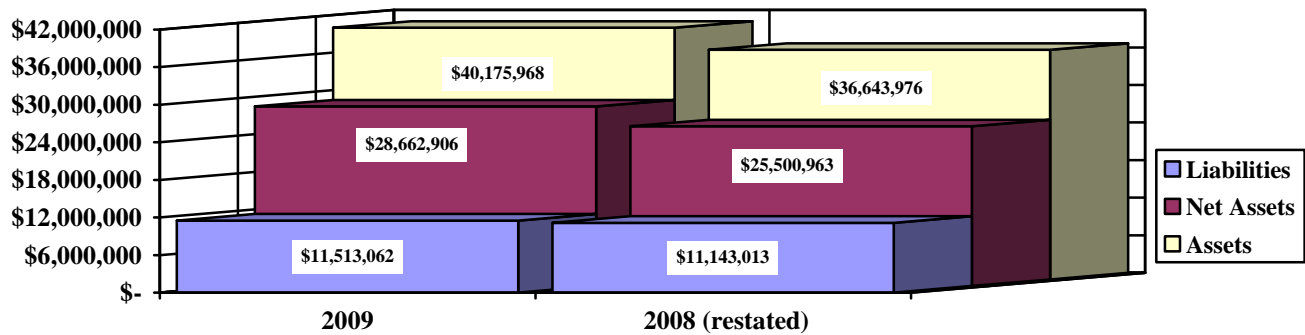
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

At fiscal year-end, capital assets represented 35.30% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$14,066,933. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net assets, \$2,002,680, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$12,593,293 may be used to meet the Career Center's ongoing obligations to the students and creditors.

The graph below illustrates the Career Center's assets, liabilities and net assets at June 30, 2009 and June 30, 2008. The net assets of the Career Center were restated at June 30, 2008 as described in Note 3A to the basic financial statements.

Governmental Activities - Net Assets



The table below shows the changes in net assets for governmental activities for fiscal years 2009 and 2008. The net assets of the Career Center were restated at June 30, 2008 as described in Note 3A to the basic financial statements.

Change in Net Assets

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>Restated 2008</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,087,071	\$ 2,507,371
Operating grants and contributions	1,456,235	1,276,396
General revenues:		
Property taxes	9,681,072	10,574,629
Grants and entitlements	4,138,639	3,866,616
Payment in lieu of taxes	10,000	-
Investment earnings	401,148	493,973
Other	194,614	113,852
Total revenues	<u>17,968,779</u>	<u>18,832,837</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

	<u>Governmental Activities</u>	
	2009	Restated 2008
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 1,154,114	\$ 1,211,208
Vocational	6,180,692	6,066,683
Adult/continuing education	761,656	743,332
Support services:		
Pupil	838,368	913,942
Instructional staff	1,112,697	1,079,997
Board of Education	136,278	98,301
Administration	1,222,219	1,428,694
Fiscal	702,813	654,506
Operations and maintenance	1,515,378	2,009,701
Pupil transportation	23,756	26,180
Central	895,241	918,072
Operation of non-instructional services:		
Other non-instructional services	16,283	17,252
Food service operations	210,396	219,324
Extracurricular activities	36,440	32,589
Interest and fiscal charges	505	3,431
Total expenses	14,806,836	15,423,212
Changes in net assets	3,161,943	3,409,625
Net assets at beginning of year	25,500,963	22,091,338
Net assets at end of year	\$ 28,662,906	\$ 25,500,963

Governmental Activities

Net assets of the Career Center's governmental activities increased \$3,161,943. Total governmental expenses of \$14,806,836 were offset by program revenues of \$3,543,306 and general revenues of \$14,425,473. Program revenues supported 23.93% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 76.91% of total governmental revenue. Real estate property is reappraised every six years.

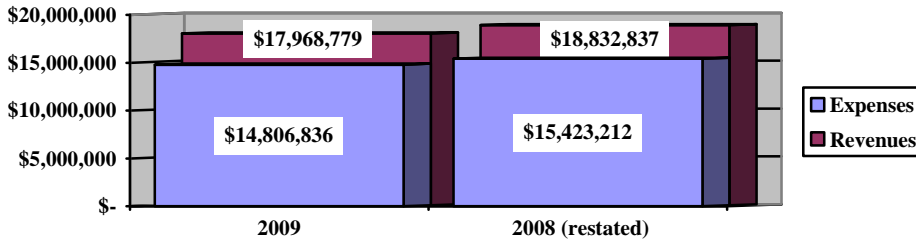
The largest expense of the Career Center is for instructional programs. Instruction expenses totaled \$8,096,462 or 54.68% of total governmental expenses for fiscal year 2009.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2009 and 2008. The net assets of the Career Center were restated at June 30, 2008 as described in Note 3A to the basic financial statements.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2009 and 2008. It identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The net assets of the Career Center were restated at June 30, 2008 as described in Note 3A to the basic financial statements.

Governmental Activities

	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Restated Total Cost of Services <u>2008</u>	Restated Net Cost of Services <u>2008</u>
Program expenses:				
Instruction:				
Regular	\$ 1,154,114	\$ 1,012,685	\$ 1,211,208	\$ 1,109,055
Vocational	6,180,692	4,501,060	6,066,683	4,070,991
Adult/continuing education	761,656	197,548	743,332	185,483
Support services:				
Pupil	838,368	679,975	913,942	767,807
Instructional staff	1,112,697	393,127	1,079,997	392,518
Board of education	136,278	136,278	98,301	98,301
Administration	1,222,219	1,212,311	1,428,694	1,422,728
Fiscal	702,813	669,288	654,506	626,252
Operations and maintenance	1,515,378	1,419,147	2,009,701	1,937,419
Pupil transportation	23,756	23,756	26,180	26,180
Central	895,241	872,415	918,072	896,190
Operation of non-instructional services:				
Other non-instructional services	16,283	16,283	17,252	17,252
Food service operations	210,396	107,701	219,324	79,745
Extracurricular activities	36,440	21,451	32,589	6,093
Interest and fiscal charges	505	505	3,431	3,431
Total expenses	<u>\$ 14,806,836</u>	<u>\$ 11,263,530</u>	<u>\$ 15,423,212</u>	<u>\$ 11,639,445</u>

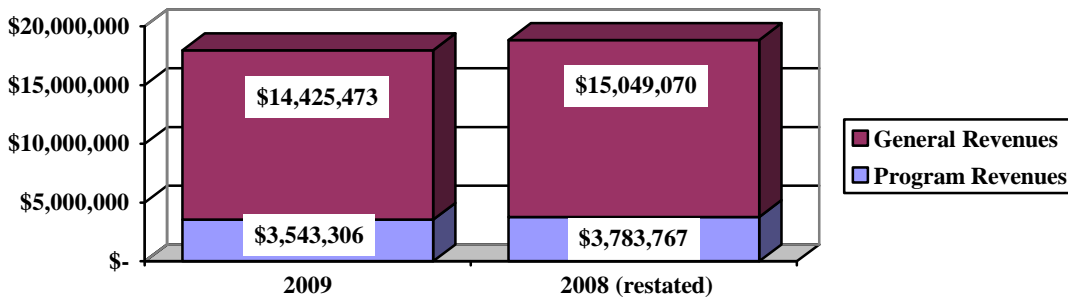
**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

The dependence upon tax revenues during fiscal year 2009 for governmental activities is apparent, as 70.54% of fiscal year 2009 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 76.07% in fiscal year 2009. The Career Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Career Center's students.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2009 and 2008. The net assets of the Career Center were restated at June 30, 2008 as described in Note 3A to the basic financial statements.

Governmental Activities - General and Program Revenues



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$15,225,476, which is above last year's total of \$12,412,443.

The schedule below indicates the fund balance and the total change in fund balance at June 30, 2009 and June 30, 2008. The fund balances of the Career Center were restated at June 30, 2008 as described in Note 3A to the basic financial statements.

	Fund Balance June 30, 2009	Restated Fund Balance June 30, 2008	Increase
General	\$ 13,053,497	\$ 11,289,928	\$ 1,763,569
Permanent Improvement	1,715,244	835,753	879,491
Other Governmental	456,735	286,762	169,973
Total	\$ 15,225,476	\$ 12,412,443	\$ 2,813,033

General Fund

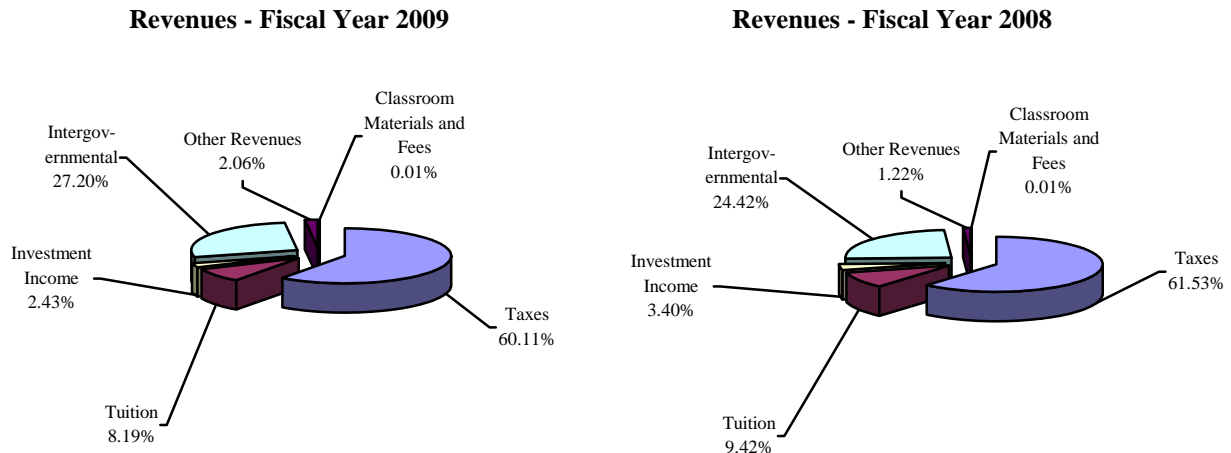
The Career Center's general fund balance increased \$1,763,569. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 8,508,297	\$ 9,382,238	\$ (873,941)	(9.31) %
Tuition	1,158,812	1,437,067	(278,255)	(19.36) %
Earnings on investments	343,497	517,782	(174,285)	(33.66) %
Classroom materials and fees	1,175	1,784	(609)	(34.14) %
Payment in lieu of taxes	10,000	-	10,000	100.00 %
Intergovernmental	3,848,864	3,724,334	124,530	3.34 %
Other revenues	<u>291,895</u>	<u>186,134</u>	<u>105,761</u>	56.82 %
Total	<u>\$ 14,162,540</u>	<u>\$ 15,249,339</u>	<u>\$ (1,086,799)</u>	(7.13) %

Overall revenues of the general fund decreased \$1,086,799. The most significant decrease was in the area of taxes. The tax revenue decrease of \$873,941 or 9.31% is the result of the phase out of tangible personal property tax during fiscal year 2009. Tuition revenue decreased \$278,255 or 19.36%. This decrease can be attributed to a decrease in open enrollment revenues compared to fiscal year 2008.



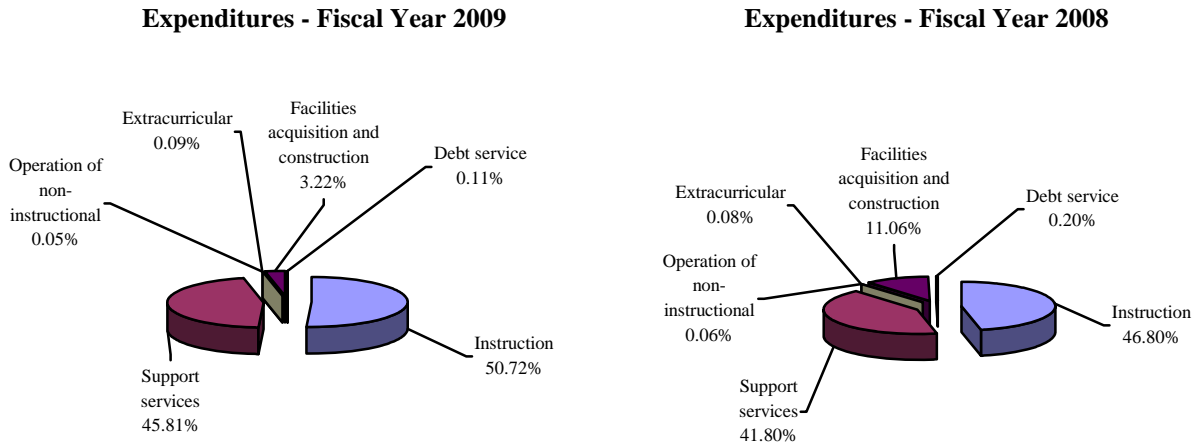
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
Instruction	\$ 6,030,765	\$ 6,205,771	\$ (175,006)	(2.82) %
Support services	5,446,731	5,542,732	(96,001)	(1.73) %
Operation of non-instructional services	6,530	7,793	(1,263)	(16.21) %
Extracurricular activities	11,174	10,328	846	8.19 %
Facilities acquisition and construction	381,874	1,467,277	(1,085,403)	(73.97) %
Debt Service	<u>13,199</u>	<u>26,400</u>	<u>(13,201)</u>	(50.00) %
Total	<u>\$ 11,890,273</u>	<u>\$ 13,260,301</u>	<u>\$ (1,370,028)</u>	(10.33) %

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

Overall expenditures of the general fund decreased \$1,370,028 or 10.33%. This decrease can mainly be attributed to the decrease in facilities acquisition and construction expenditures of \$1,085,403 or 73.97%. The decrease in facilities acquisition and construction expenditures is due to the completion of a multi-year construction project early in fiscal year 2009.



Permanent Improvement Fund

The permanent improvement fund had \$1,489,119 in revenues and \$609,628 in expenditures. The permanent improvement fund's fund balance increased \$879,491 from \$835,753 to \$1,715,244.

General Fund Budgeting Highlights

The Career Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. The most significant budgeted fund is the general fund.

For the general fund, final budgeted revenues and other financing sources were \$14,556,304, which matched exactly to original budget estimates. Actual revenues and other financing sources were \$15,011,323; this was \$455,019 above final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$13,946,803 matched exactly to the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$13,308,560, which was \$638,243 less than the final budget appropriations.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

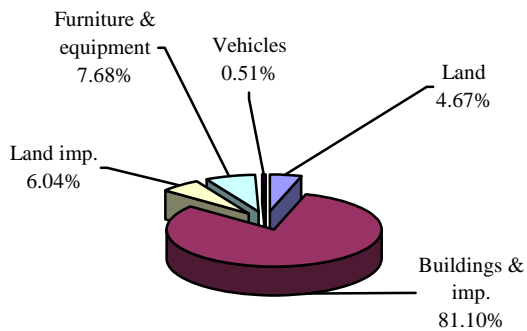
At the end of fiscal year 2009, the Career Center had \$14,183,599 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2009 balances compared to June 30, 2008:

**Capital Assets at June 30
(Net of Depreciation)**

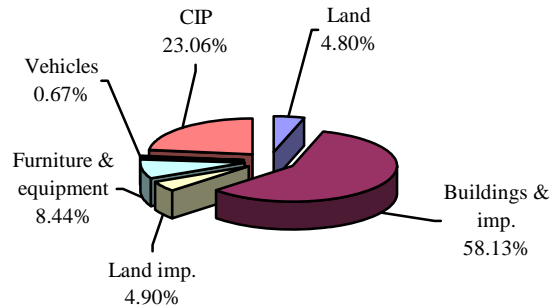
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 662,718	\$ 662,718
Land improvements	856,099	677,468
Building and improvements	11,503,921	8,030,646
Furniture and equipment	1,088,859	1,165,379
Vehicles	72,002	93,102
Construction-in-progress	-	3,185,816
Total	<u>\$ 14,183,599</u>	<u>\$ 13,815,129</u>

The following graphs show the breakdown of governmental activities capital assets by category for fiscal years 2009 and 2008.

Capital Assets - Governmental Activities 2009



Capital Assets - Governmental Activities 2008



The overall increase in capital assets of \$368,470 is due to additions in the amount of \$835,243 exceeding depreciation expense of \$463,301 and disposals of \$3,472 (net of accumulated depreciation). See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)
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Debt Administration

At June 30, 2009, the Career Center had \$116,666 in building assistance loans outstanding. Of this total, \$33,333 is due within one year and \$83,333 is due within greater than one year. The following table summarizes the loans outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Business assistance loans	\$ 116,666	\$ 149,999
Capital lease obligations	<u>-</u>	<u>12,694</u>
Total	<u>\$ 116,666</u>	<u>\$ 162,693</u>

At June 30, 2009 the Career Center's overall legal debt margin was \$446,441,186 with an unvoted debt margin of \$4,959,161.

See Note 10 to the basic financial statements for additional information on the Career Center's debt administration.

Current Financial Related Activity

Currently, the Career Center is financially stable. The Career Center renewed a 1.3 mill operating levy and a 0.4 mill Permanent Improvement levy in November of 2006. This ten-year levy should provide funding for the Career Center to operate until 2016 (the year the levy expires). The Career Center is in the process of having the State of Ohio Auditor's Office conduct a performance audit. This audit should provide a list of suggestions on how the Career Center could operate more efficiently. This report should be released in the last quarter of calendar year 2009.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Christopher H. Bell, Treasurer, Delaware Area Career Center, 4565 Columbus Pike, Delaware, Ohio 43015-8969.

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**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 14,496,620
Receivables:	
Taxes	10,817,712
Accounts	57,831
Intergovernmental	425,142
Accrued interest	107,851
Prepayments	47,942
Materials and supplies inventory.	39,271
Capital assets:	
Land	662,718
Depreciable capital assets, net	13,520,881
Capital assets, net.	<u>14,183,599</u>
 Total assets.	 <u>40,175,968</u>
Liabilities:	
Accounts payable.	83,386
Accrued wages and benefits	795,926
Pension obligation payable.	133,358
Intergovernmental payable	42,752
Unearned revenue	9,210,122
Long-term liabilities:	
Due within one year.	117,448
Due in more than one year	1,130,070
Total liabilities.	<u>11,513,062</u>
Net Assets:	
Invested in capital assets, net of related debt.	14,066,933
Restricted for:	
Capital projects	1,755,847
Debt service.	116,667
State funded programs.	4,871
Federally funded programs.	9,687
Other purposes	115,608
Unrestricted	<u>12,593,293</u>
 Total net assets	 <u>\$ 28,662,906</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 1,154,114	\$ 26,598	\$ 114,831	\$ (1,012,685)
Vocational	6,180,692	1,530,692	148,940	(4,501,060)
Adult/continuing education	761,656	304,255	259,853	(197,548)
Support services:				
Pupil	838,368	-	158,393	(679,975)
Instructional staff	1,112,697	39,671	679,899	(393,127)
Board of education	136,278	-	-	(136,278)
Administration	1,222,219	97	9,811	(1,212,311)
Fiscal	702,813	-	33,525	(669,288)
Operations and maintenance	1,515,378	96,231	-	(1,419,147)
Pupil transportation	23,756	-	-	(23,756)
Central	895,241	-	22,826	(872,415)
Operation of non-instructional services:				
Other non-instructional services	16,283	-	-	(16,283)
Food service operations	210,396	75,410	27,285	(107,701)
Extracurricular activities	36,440	14,117	872	(21,451)
Interest and fiscal charges	505	-	-	(505)
Total governmental activities	\$ 14,806,836	\$ 2,087,071	\$ 1,456,235	(11,263,530)

General Revenues:

Property taxes levied for:	
General purposes	8,485,054
Capital projects	1,196,018
Grants and entitlements not restricted to specific programs	4,138,639
Payment in lieu of taxes	10,000
Investment earnings	401,148
Miscellaneous	194,614
Total general revenues	14,425,473
Change in net assets	3,161,943
Net assets at beginning of year (restated)	25,500,963
Net assets at end of year	\$ 28,662,906

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 12,337,651	\$ 1,559,883	\$ 549,984	\$ 14,447,518
Receivables:				
Taxes.	9,482,611	1,335,101	-	10,817,712
Accounts	3,124	-	54,707	57,831
Intergovernmental	198,622	-	226,520	425,142
Accrued interest	107,851	-	-	107,851
Interfund loans	213,488	-	-	213,488
Prepayments	42,675	-	5,267	47,942
Materials and supplies inventory	39,271	-	-	39,271
Restricted assets:				
Equity in pooled cash and investments	49,102	-	-	49,102
Total assets	<u>\$ 22,474,395</u>	<u>\$ 2,894,984</u>	<u>\$ 836,478</u>	<u>\$ 26,205,857</u>
Liabilities:				
Accounts payable	\$ 70,269	\$ 1,700	\$ 11,417	\$ 83,386
Accrued wages and benefits	718,834	-	77,092	795,926
Compensated absences payable	20,058	-	-	20,058
Pension obligation payable.	108,527	-	24,831	133,358
Intergovernmental payable	36,160	643	5,949	42,752
Interfund loans payable.	-	-	213,488	213,488
Deferred revenue	393,722	40,603	46,966	481,291
Unearned revenue	8,073,328	1,136,794	-	9,210,122
Total liabilities	<u>9,420,898</u>	<u>1,179,740</u>	<u>379,743</u>	<u>10,980,381</u>
Fund Balances:				
Reserved for encumbrances	418,528	370,821	80,894	870,243
Reserved for budget stabilization.	49,102	-	-	49,102
Reserved for materials and supplies inventory.	39,271	-	-	39,271
Reserved for property tax unavailable for appropriation	1,075,362	151,220	-	1,226,582
Reserved for prepayments	42,675	-	5,267	47,942
Reserved for debt service	-	-	116,667	116,667
Unreserved, undesignated, reported in:				
General fund	11,428,559	-	-	11,428,559
Special revenue funds.	-	-	253,907	253,907
Capital projects funds.	-	1,193,203	-	1,193,203
Total fund balances	<u>13,053,497</u>	<u>1,715,244</u>	<u>456,735</u>	<u>15,225,476</u>
Total liabilities and fund balances	<u>\$ 22,474,395</u>	<u>\$ 2,894,984</u>	<u>\$ 836,478</u>	<u>\$ 26,205,857</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Total governmental fund balances	\$	15,225,476
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,183,599
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 329,998	
Accounts receivable	13,857	
Accrued interest receivable	104,327	
Intergovernmental receivable	<u>33,109</u>	
Total		481,291
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.		
Building assistance loan payable	(116,666)	
Compensated absences payable	<u>(1,110,794)</u>	
Total		<u>(1,227,460)</u>
Net assets of governmental activities	\$	<u><u>28,662,906</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 8,508,297	\$ 1,199,344	\$ -	\$ 9,707,641
Tuition.	1,158,812	-	309,674	1,468,486
Earnings on investments.	343,497	-	-	343,497
Charges for services	-	-	75,410	75,410
Extracurricular.	-	-	14,214	14,214
Classroom materials and fees	1,175	-	106,036	107,211
Rental income	96,231	-	-	96,231
Contributions and donations	162,252	-	878	163,130
Contract services	1,049	-	310,612	311,661
Other local revenues.	32,363	-	106,476	138,839
Payment in lieu of taxes	10,000	-	-	10,000
Intergovernmental - state	3,831,036	289,775	929,995	5,050,806
Intergovernmental - federal.	17,828	-	515,551	533,379
Total revenues	<u>14,162,540</u>	<u>1,489,119</u>	<u>2,368,846</u>	<u>18,020,505</u>
Expenditures:				
Current:				
Instruction:				
Regular	993,082	-	114,186	1,107,268
Vocational.	5,020,124	293,663	631,463	5,945,250
Adult/continuing	17,559	-	730,687	748,246
Support Services:				
Pupil.	704,147	-	164,926	869,073
Instructional staff	356,456	-	741,805	1,098,261
Board of education	134,530	-	-	134,530
Administration.	1,257,948	-	10,263	1,268,211
Fiscal	645,081	25,624	33,355	704,060
Operations and maintenance.	1,454,791	-	-	1,454,791
Pupil transportation	23,756	-	-	23,756
Central.	870,022	-	22,237	892,259
Operation on non-instructional services:				
Other non-instructional services	6,530	-	-	6,530
Food service operations.	-	-	200,050	200,050
Extracurricular activities.	11,174	-	25,266	36,440
Facilities acquisition and construction	381,874	290,341	-	672,215
Debt service:				
Principal retirement	12,694	-	33,333	46,027
Interest and fiscal charges	505	-	-	505
Total expenditures	<u>11,890,273</u>	<u>609,628</u>	<u>2,707,571</u>	<u>15,207,472</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>2,272,267</u>	<u>879,491</u>	<u>(338,725)</u>	<u>2,813,033</u>
Other financing sources (uses):				
Transfers in.	-	-	508,698	508,698
Transfers (out)	(508,698)	-	-	(508,698)
Total other financing sources (uses)	<u>(508,698)</u>	<u>-</u>	<u>508,698</u>	<u>-</u>
Net change in fund balances	1,763,569	879,491	169,973	2,813,033
Fund balances at beginning of year (restated).				
	<u>11,289,928</u>	<u>835,753</u>	<u>286,762</u>	<u>12,412,443</u>
Fund balances at end of year	<u>\$ 13,053,497</u>	<u>\$ 1,715,244</u>	<u>\$ 456,735</u>	<u>\$ 15,225,476</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds \$ 2,813,033

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

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

Capital asset additions	\$ 835,243	
Current year depreciation	(463,301)	
Total		371,942

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (3,472)

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

Taxes	(26,569)	
Tuition	13,857	
Earnings on investments	57,651	
Intergovernmental revenue	(96,665)	
Total		(51,726)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets. 46,027

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. (13,861)

Change in net assets of governmental activities \$ 3,161,943

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 8,708,141	\$ 8,708,141	\$ 8,980,351	\$ 272,210
Tuition	1,333,935	1,333,935	1,375,633	41,698
Earnings on investments	271,716	271,716	280,210	8,494
Classroom materials and fees	1,139	1,139	1,175	36
Rental income	91,621	91,621	94,485	2,864
Contributions and donations	156,832	156,832	161,734	4,902
Contract services	1,018	1,018	1,050	32
Other local revenue	41,255	41,255	42,545	1,290
Payment in lieu of taxes	9,697	9,697	10,000	303
Intergovernmental - state	3,714,911	3,714,911	3,831,036	116,125
Intergovernmental - federal	17,288	17,288	17,828	540
Total revenues	<u>14,347,553</u>	<u>14,347,553</u>	<u>14,796,047</u>	<u>448,494</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,044,518	1,044,518	1,019,486	25,032
Vocational	5,393,934	5,393,934	5,132,861	261,073
Adult/continuing	18,000	18,000	17,559	441
Support services:				
Pupil	776,849	776,849	719,609	57,240
Instructional staff	371,869	371,869	356,112	15,757
Board of education	229,244	229,244	201,970	27,274
Administration	1,400,968	1,400,968	1,323,860	77,108
Fiscal	688,292	688,292	652,926	35,366
Operations and maintenance	1,583,779	1,583,779	1,542,619	41,160
Pupil transportation	38,960	38,960	29,756	9,204
Central	1,035,281	1,035,281	956,724	78,557
Operation of non-instructional services:				
Other non-instructional services	7,800	7,800	6,549	1,251
Extracurricular activities	11,649	11,649	11,167	482
Facilities acquisition and construction	421,991	421,991	416,554	5,437
Total expenditures	<u>13,023,134</u>	<u>13,023,134</u>	<u>12,387,752</u>	<u>635,382</u>
Excess of revenues over expenditures	<u>1,324,419</u>	<u>1,324,419</u>	<u>2,408,295</u>	<u>1,083,876</u>
Other financing sources (uses):				
Refund of prior year expenditure	3,368	3,368	3,473	105
Transfers (out)	(511,127)	(511,127)	(508,698)	2,429
Advances in	205,383	205,383	211,803	6,420
Advances (out)	(412,542)	(412,542)	(412,110)	432
Total other financing sources (uses)	<u>(714,918)</u>	<u>(714,918)</u>	<u>(705,532)</u>	<u>9,386</u>
Net change in fund balance	609,501	609,501	1,702,763	1,093,262
Fund balance at beginning of year	9,424,220	9,424,220	9,424,220	-
Prior year encumbrances appropriated	716,007	716,007	716,007	-
Fund balance at end of year	<u>\$ 10,749,728</u>	<u>\$ 10,749,728</u>	<u>\$ 11,842,990</u>	<u>\$ 1,093,262</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 8,048	\$ 133,982
Receivables:		
Accounts	-	155,921
	8,048	289,903
Total assets	8,048	\$ 289,903
Liabilities:		
Accrued wages and benefits	-	\$ 7,853
Pension obligation payable	-	6,342
Undistributed monies.	-	6,781
Intergovernmental payable	-	200,184
Due to students	-	68,743
	-	289,903
Total liabilities	-	\$ 289,903
Net Assets:		
Held in trust for scholarships	8,048	
Total net assets	\$ 8,048	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 3,025
Total additions.	3,025
Change in net assets	3,025
Net assets at beginning of year.	5,023
Net assets at end of year	\$ 8,048

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Delaware Area Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of one representative from each of the participating school districts' 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 in 1972. The Career Center serves Delaware and the surrounding counties. It is staffed by 41 classified employees, 71 certified teaching personnel and 12 administrative employees who provide services to 793 students and other community members. The Career Center currently operates two instructional/administration buildings.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Career Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Career Center's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the 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; or (3) 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 (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the Career Center:

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association (TRECA)

The Career Center is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county, elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2009, the Career Center paid \$44,299 to TRECA for various services. Financial information can be obtained from Mike Carder, Director, at 100 Executive Drive, Marion, Ohio 43302.

Central Ohio Regional Professional Development Center

The Central Ohio Regional Professional Development Center (Center) is a jointly governed organization among the school districts in Delaware, Licking, Franklin, Madison, Pickaway, and Union Counties. The Center was formed to advance the State Board of Education's mission that all students can learn by creating a high performance system of education. The Center's purpose is to provide long-term ongoing meaningful professional development for all education and school support personnel. The Center is governed by a twenty-two member Board made up of representatives from the participating school districts, the business community, and three institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Hugh Garside, Southwestern City School District, 2975 Kingston Avenue, Grove City, Ohio 43123.

Work Force Preparation Regional Council of Governments (JOG)

The Work Force Preparation Regional Council of Governments is a jointly governed organization formed to apply for, administer, and deliver services in member districts pursuant to the Jobs for Ohio's Graduates (JOG) program and related, or similar, state and federal programs. The Council consists of fifteen members, three of which are representatives of the Career Center. The Career Center acts as the fiscal agent for the JOG program, processing all receipts and expenditures of the Council, which is supported by financial and in-kind contributions from its members, and from other revenue sources; including financial support received from the Center.

INSURANCE PURCHASING POOLS

Ohio School Boards Association 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 Ohio School Boards Association Workers' Compensation Group Rating Plan ("GRP") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Ohio School Plan

The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA, and OASBO executive directors serve as ex-officio members. Four hundred and fifty educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

B. Fund Accounting

The Career Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The Career Center has no proprietary funds.

GOVERNMENTAL FUNDS

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

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

Permanent improvement fund - The permanent improvement capital projects fund accounts for levy collections used for the acquisition, construction, or improvement of capital facilities.

Other governmental funds of the Career Center are used to account for (a) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; (b) food service operations; (c) adult education; and (d) for grants and other resources whose use is restricted to a particular purpose.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into three classifications: investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. The private-purpose trust fund accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center.

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

Fund Financial Statements - Fund financial statements report detailed information about the Career Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2009 are recorded as deferred revenue on the governmental fund financial statements.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the financial statements as an expense with a like amount reported as intergovernmental revenue.

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

E. Budgets

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

The specific timetable for fiscal year 2009 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Delaware County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer.

The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2009.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original and final appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2009.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

F. 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 the Career Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2009, investments were limited to U.S. Government money market, repurchase agreements, negotiable certificates of deposit and non-negotiable certificates of deposit.

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

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$343,497 which includes \$48,470 assigned from other Career Center funds.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Career Center's investment account at year end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventories consist of donated food, purchased food and non-food supplies held for resale and are expensed when used.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. The Career Center maintains a capitalization threshold of \$2,500. Donated capital assets are recorded at their fair market values as of the date received. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	25 years
Buildings and improvements	10 - 100 years
Furniture/equipment	5 - 70 years
Vehicles	6 - 10 years

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Interfund Balances

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

J. Compensated Absences

Compensated absences of the Career Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Career Center and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16. The Career Center has also recorded a liability for all employees with at least 10 years of service.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee’s retirement/resignation has been incurred by fiscal year end. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees are paid.

K. Accrued Liabilities and Long-Term Obligations

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

L. Fund Balance Reserves

The Career Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, materials and supplies inventory, debt service, property taxes unavailable for appropriation and budget stabilization. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted by State statute for budget stabilization and the OECN A-Site fund (a nonmajor governmental fund).

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount set aside to create a reserve for budget stabilization. See Note 16 for details.

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Reclassification and Restatement of Fund Balance and Net Assets

A fund reclassification is required to properly report a fund previously reported as an enterprise fund as a nonmajor special revenue fund. The fees received by this fund are not designed to cover all costs associated with the operation of the fund. This fund reclassification had the following effect on the Career Center's governmental and enterprise fund balances as previously reported:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>	<u>Adult Education</u>
Fund balance as previously reported	\$ 11,289,928	\$ 835,753	\$ 162,057	\$ 12,287,738	\$ 124,705
Fund reclassification:					
Net assets of nonmajor enterprise fund at June 30, 2008	-	-	124,705	124,705	(124,705)
Net fund reclassification	-	-	124,705	124,705	(124,705)
Restated fund balance at July 1, 2008	<u>\$ 11,289,928</u>	<u>\$ 835,753</u>	<u>\$ 286,762</u>	<u>\$ 12,412,443</u>	<u>\$ -</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The fund reclassification had the following effect on the governmental activities and business-type activities net assets as previously reported:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net assets at June 30, 2008	\$ 25,411,345	\$ 89,618
Fund reclassification	<u>89,618</u>	<u>(89,618)</u>
Restated net assets at July 1, 2008	<u>\$ 25,500,963</u>	<u>\$ -</u>

B. Change in Accounting Principles

For fiscal year 2009, the Career Center has implemented GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, GASB Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, GASB Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and GASB Statement No. 56 “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB’s authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 56 incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the Career Center.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
ABLE	\$ 201
Entry year teaching	3,386
Miscellaneous State grants	10
ABLE/Civics	5,160
Vocational education	13,828
Title VI	195

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the ABLE fund resulted from adjustments for accrued liabilities. The deficit fund balance in the Title VI fund resulted from the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

The deficit fund balances in the Entry Year Teaching, Miscellaneous State Grants, ABLE/Civics and Vocational Education funds resulted from both the reporting of short-term interfund loans as a fund liability rather than as an other financing source and adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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;

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's Asset Reserve of Ohio investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the Career Center had \$417 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments."

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all Career Center deposits was \$9,755,547, exclusive of the \$350,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2009, \$484,919 of the Career Center’s bank balance of \$9,720,970 was exposed to custodial risk as discussed below, while \$9,236,051 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all 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.

C. Investments

As of June 30, 2009, the Career Center had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>
Negotiable CD's	\$ 4,273,659	\$ 490,000	\$ 1,505,665	\$ 2,277,994
U.S. Government money market	259,027	259,027	-	-
Repurchase agreement	<u>350,000</u>	<u>350,000</u>	-	-
 Total	 <u>\$ 4,882,686</u>	 <u>\$ 1,099,027</u>	 <u>\$ 1,505,665</u>	 <u>\$ 2,277,994</u>

The weighted average maturity of investments is 1.33 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Career Center’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Career Center’s investment in federal agency securities that underlie the repurchase agreement was rated Aaa by Moody’s Investor Services. The U.S. Government money market was rated AAAM by Standard & Poor’s.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, 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. Of the Career Center's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the Career Center. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CD's	\$ 4,273,659	87.52
U.S. Government money market	259,027	5.31
Repurchase agreement	<u>350,000</u>	<u>7.17</u>
Total	<u>\$ 4,882,686</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,755,547
Investments	4,882,686
Cash on hand	<u>417</u>
Total	<u>\$ 14,638,650</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 14,496,620
Private-purpose trust	8,048
Agency funds	<u>133,982</u>
Total	<u>\$ 14,638,650</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2009, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 213,488</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenues are received.

Interfund loans between governmental funds are eliminated on the government-wide statements.

- B.** Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	<u>\$ 508,698</u>

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

All transfers made in fiscal year 2009 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5704.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, 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.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Delaware, Franklin, Morrow, Union and Marion Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$1,075,362 in the general fund and \$151,220 in the permanent improvement fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$1,592,802 in the general fund and \$224,465 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 4,721,669,794	96.27	\$ 4,841,944,630	97.37
Public utility personal	112,977,280	2.30	119,088,790	2.39
Tangible personal property	<u>70,028,771</u>	<u>1.43</u>	<u>11,836,867</u>	<u>0.24</u>
Total	<u>\$ 4,904,675,845</u>	<u>100.00</u>	<u>\$ 4,972,870,287</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 10,817,712
Accounts	57,831
Intergovernmental	425,142
Accrued interest	<u>107,851</u>
Total	<u>\$ 11,408,536</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected the within subsequent year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance 06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/09</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 662,718	\$ -	\$ -	\$ 662,718
Construction in progress	<u>3,185,816</u>	<u>51,301</u>	<u>(3,237,117)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>3,848,534</u>	<u>51,301</u>	<u>(3,237,117)</u>	<u>662,718</u>
Capital assets, being depreciated:				
Land improvements	821,041	218,797	-	1,039,838
Building/improvements	10,230,829	3,667,770	-	13,898,599
Furniture/equipment	2,781,242	134,492	(57,708)	2,858,026
Vehicles	<u>288,928</u>	<u>-</u>	<u>-</u>	<u>288,928</u>
Total capital assets, being depreciated	<u>14,122,040</u>	<u>4,021,059</u>	<u>(57,708)</u>	<u>18,085,391</u>
Less: accumulated depreciation:				
Land improvements	(143,573)	(40,166)	-	(183,739)
Building/improvements	(2,200,183)	(194,495)	-	(2,394,678)
Furniture/equipment	(1,615,863)	(207,540)	54,236	(1,769,167)
Vehicles	<u>(195,826)</u>	<u>(21,100)</u>	<u>-</u>	<u>(216,926)</u>
Total accumulated depreciation	<u>(4,155,445)</u>	<u>(463,301)</u>	<u>54,236</u>	<u>(4,564,510)</u>
Governmental activities capital assets, net	<u>\$ 13,815,129</u>	<u>\$ 3,609,059</u>	<u>\$ (3,240,589)</u>	<u>\$ 14,183,599</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 26,395
Vocational	310,805
Adult/continuing education	5,967
Support Services:	
Pupil	3,725
Instructional staff	6,416
Board of education	1,748
Administration	9,986
Operations and maintenance	67,388
Central	10,864
Non-instructional	9,753
Food service operations	<u>10,254</u>
Total depreciation expense	<u>\$ 463,301</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During a prior fiscal year, the Career Center entered into a capital lease agreement for the acquisition of computer equipment. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consisting of computer equipment have been capitalized in the amount of \$81,244. This amount represents the present value of the future minimum lease payments at the time of acquisition. The capital assets were fully depreciated as of June 30, 2009.

A corresponding liability is recorded in the government-wide financial statements. Principal payments in the 2009 fiscal year totaled \$12,694. This amount is reported as a debt service payment of the general fund. This lease was retired in fiscal year 2009.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - LONG-TERM OBLIGATIONS

- A. The beginning balance of compensated absences for governmental activities has been restated by \$35,087 due to the reclassification of the adult education fund from an enterprise fund to a nonmajor governmental fund in fiscal year 2009 (See Note 3A). The changes in the Career Center's long-term obligations during the year consist of the following:

	Restated Balance <u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/09</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 1,165,469	\$ 93,473	\$ (128,090)	\$ 1,130,852	\$ 84,115
Building assistance loan	149,999	-	(33,333)	116,666	33,333
Capital lease obligation	<u>12,694</u>	<u>-</u>	<u>(12,694)</u>	<u>-</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 1,328,162</u>	<u>\$ 93,473</u>	<u>\$ (174,117)</u>	<u>\$ 1,247,518</u>	<u>\$ 117,448</u>

FY 1997 Business Assistance Loan - On May 19, 1997, the Career Center obtained an interest free loan, in the amount of \$500,000, for remodeling school facilities. The loan was obtained under the authority of Ohio Revised Section 3317.22, for a sixteen year period, with final maturity during fiscal year 2013. The loan is being retired through the bond retirement debt service fund.

Compensated absences will be paid from the fund from which the employee is paid which for the Career Center is primarily the general fund and the adult education fund (a nonmajor governmental fund).

See Note 9 for detail on the Career Centers capital lease obligation.

- B. Principal and interest requirements to retire the building assistance loan outstanding at June 30, 2009 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Building Assistance Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 33,333	\$ -	\$ 33,333
2011	33,333	-	33,333
2012	33,333	-	33,333
2013	<u>16,667</u>	<u>-</u>	<u>16,667</u>
Total	<u>\$ 116,666</u>	<u>\$ -</u>	<u>\$ 116,666</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$446,441,186 (including available funds of \$116,667) and an unvoted debt margin of \$4,959,161.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

For fiscal year 2009, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool (Note 2A). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

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 2009, the Career Center contracted with the following insurance coverage:

Coverage provided by Ohio School Plan is as follows:

Automobile Liability	\$ 2,000,000
General School Career Center Liability	
Per Occurrence	3,000,000
Total per Year	5,000,000
Buildings and Contents	31,369,297

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.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation Plan

The Career Center participates in the Ohio School Board Association's Workers' Compensation Group Rating Plan (the "GRP"), an insurance purchasing pool (Note 2.A.). The intent of the GRP 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 GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald Co. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

C. Health Care Benefits

The Career Center offers health insurance to most employees through Aetna Health Care of Ohio. Dental insurance is offered through Delta Dental, and life insurance is offered through Lincoln Life. Vision insurance is offered through Vision Service Plan. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$253,551, \$239,962 and \$244,249, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$756,320, \$755,804 and \$726,175, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$11,560 made by the Career Center and \$26,471 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

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

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$168,866, \$158,846 and \$127,478, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$20,920, \$17,290 and \$16,609, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$58,178, \$58,139 and \$55,860, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance	<u>General fund</u>
Budget basis	\$ 1,702,763
Net adjustment for revenue accruals	(633,507)
Net adjustment for expenditure accruals	25,801
Net adjustment for other sources/uses	196,834
Adjustment for encumbrances	<u>471,678</u>
GAAP basis	<u>\$ 1,763,569</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - CONTINGENCIES

A. Grants

The Career Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and a condition 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 Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

B. Litigation

The Career Center is involved in no material litigation as either plaintiff or defendant.

NOTE 16 - STATUTORY RESERVES

The Career Center is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Maintenance</u>	Budget <u>Stabilization</u>
Set-aside balance as of June 30, 2008	\$ (984,615)	\$ -	\$ 49,102
Current year set-aside requirement	93,479	93,479	-
Current year offsets	-	(1,266,105)	-
Qualifying disbursements	<u>(306,449)</u>	<u>(60,554)</u>	<u>-</u>
Total	<u>\$ (1,197,585)</u>	<u>\$ (1,233,180)</u>	<u>\$ 49,102</u>
Balance carried forward to fiscal year 2010	<u>\$ (1,197,585)</u>	<u>\$ -</u>	<u>\$ 49,102</u>

The Career Center had offsets and qualifying disbursements during the year that reduced the textbooks/instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years. Although the Career Center had offsets and qualifying disbursements during the year that reduced the capital maintenance set-aside amount below zero, these extra amounts may not be used to reduce the set-aside requirement in future fiscal years.

A schedule of the governmental fund restricted assets at June 30, 2009 follows:

Amount restricted for budget stabilization	<u>\$ 49,102</u>
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Mary Taylor, CPA

Auditor of State

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

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware Area Career Center, Delaware County, Ohio (the Career Center) as of and for the year ended June 30, 2009, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated November 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of 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 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 its applicable accounting basis, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Career Center's management in a separate letter dated November 13, 2009.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 13, 2009

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Statement Presentation	Yes	N/A

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Mary Taylor, CPA

Auditor of State

Independent Accountant's Report on Applying Agreed-Upon Procedures

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by to by the Board, solely to assist the Board in evaluating whether Delaware Area Career Center (the Career Center) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on January 10, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;

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- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the Career Center administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 13, 2009



Mary Taylor, CPA
Auditor of State

DELAWARE AREA CAREER CENTER

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 14, 2010**