

PENTA CAREER CENTER
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010



Dave Yost • Auditor of State

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

We have reviewed the *Independent Auditors' Report* of the Penta Career Center, Wood County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

February 16, 2011

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PENTA CAREER CENTER

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INDEPENDENT AUDITORS' REPORT

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center as of June 30, 2010, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2010 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and pages 48 through 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Penta Career Center's basic financial statements. The accompanying schedule of expenditures of federal awards on page 50 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Weber O'Brien Ltd".

December 27, 2010

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The discussion and analysis of the Penta 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, 2010. 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 transmittal letter, notes to the basic financial statements and basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets of governmental activities increased \$1,724,108 which represents a 3.53% increase from 2009.
- General revenues accounted for \$27,088,413 in revenue or 77.37% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$7,922,642 or 22.63% of total revenues of \$35,011,055.
- The Career Center had \$33,286,947 in expenses related to governmental activities; \$7,922,642 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The Career Center's largest major governmental fund is the general fund. The general fund had \$27,080,936 in revenues and other financing sources and \$28,054,682 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance decreased \$973,746 or 27.16%.
- The fund balance of the bond retirement fund decreased 1.10% during fiscal year 2010 from \$4,253,543 to \$4,206,638.
- The fund balance of the permanent improvement fund increased \$1,002,533 during fiscal year 2010.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 nonmajor funds presented in total in one column. The Career Center has three major governmental funds: the general fund, bond retirement fund and the permanent improvement fund. The general fund is by far the most significant fund.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2010. 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, extracurricular activities, adult education programs and food service operations.

The Career Center's statement of net assets and statement of activities can be found on pages 13 and 14 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, bond retirement fund and the 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 financial statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps 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 basic financial statements. The basic governmental fund financial statements can be found on pages 15-18 of this report.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(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 student managed activities. These activities are reported in an agency fund. 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 19 and 20. 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 21-47 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 for 2010 and 2009.

| | Net Assets | |
|----------------------------------------------------|------------------------------------|------------------------------------|
| | Governmental Activities 2010 | Governmental Activities 2009 |
| <u>Assets</u> | | |
| Current and other assets | \$ 38,864,016 | \$ 37,032,007 |
| Capital assets | <u>92,095,449</u> | <u>93,753,892</u> |
| Total assets | <u>130,959,465</u> | <u>130,785,899</u> |
| <u>Liabilities</u> | | |
| Current liabilities | 18,281,258 | 18,088,944 |
| Long-term liabilities | <u>62,115,598</u> | <u>63,858,454</u> |
| Total liabilities | <u>80,396,856</u> | <u>81,947,398</u> |
| <u>Net Assets</u> | | |
| Invested in capital assets, net of related debt | 32,825,110 | 32,725,786 |
| Restricted | 14,615,839 | 13,496,772 |
| Unrestricted | <u>3,121,660</u> | <u>2,615,943</u> |
| Total net assets | <u>\$ 50,562,609</u> | <u>\$ 48,838,501</u> |

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the Career Center's assets exceeded liabilities by \$50,562,609.

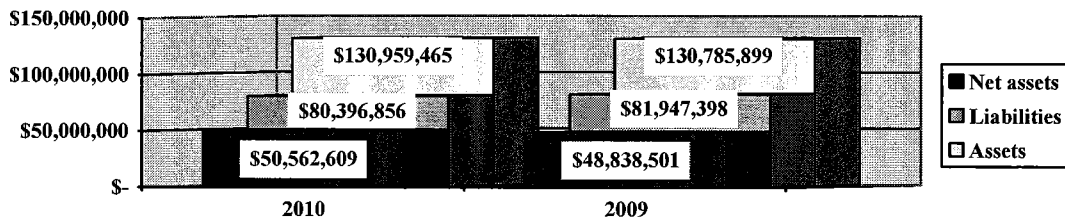
**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

At June 30, 2010, capital assets represented 70.32% of total assets. Capital assets include land, land improvements, buildings and building improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010 were \$32,825,110. 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, \$14,615,839, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$3,121,660 may be used to meet the Career Center's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal years 2010 and 2009. Amounts reported under general revenues as contributions and donations in fiscal year 2009 have been reported as payment in lieu of taxes to conform to the fiscal year 2010 presentation.

Change in Net Assets

| | Governmental Activities 2010 | Governmental Activities 2009 |
|------------------------------------|------------------------------------|------------------------------------|
| Revenues | | |
| Program revenues: | | |
| Charges for services and sales | \$ 1,132,351 | \$ 1,143,023 |
| Operating grants and contributions | 6,790,291 | 6,594,119 |
| General revenues: | | |
| Property taxes | 15,107,549 | 15,355,398 |
| Payment in lieu of taxes | 262,509 | 184,559 |
| Grants and entitlements | 11,556,992 | 11,219,901 |
| Investment earnings | 152,036 | 596,158 |
| Miscellaneous | 9,327 | 44,148 |
| Total revenues | 35,011,055 | 35,137,306 |

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

Change in Net Assets - (Continued)

| | Governmental Activities <u>2010</u> | Governmental Activities <u>2009</u> |
|-----------------------------------------|-------------------------------------------|-------------------------------------------|
| <u>Expenses</u> | | |
| Program expenses: | | |
| Instruction: | | |
| Special | \$ 613,142 | 1,328,986 |
| Vocational | 16,782,335 | 18,577,522 |
| Adult/continuing | 863,297 | 668,492 |
| Other | 678,822 | - |
| Support services: | | |
| Pupil | 2,808,118 | 2,922,505 |
| Instructional staff | 2,508,316 | 2,434,966 |
| Board of education | 98,682 | 92,847 |
| Administration | 1,198,959 | 1,288,705 |
| Fiscal | 650,060 | 664,633 |
| Operations and maintenance | 2,960,035 | 3,145,729 |
| Central | 243,257 | 318,190 |
| Operation of non-instructional services | | |
| Food service operations | 795,636 | 835,943 |
| Other non-instructional services | 200,922 | 260,953 |
| Extracurricular activities | 161,645 | 125,457 |
| Interest and fiscal charges | <u>2,723,721</u> | <u>2,934,540</u> |
| Total expenses | <u>33,286,947</u> | <u>35,599,468</u> |
| Change in net assets | 1,724,108 | (462,162) |
| Net assets at beginning of year | <u>48,838,501</u> | <u>49,300,663</u> |
| Net assets at end of year | <u>\$ 50,562,609</u> | <u>\$ 48,838,501</u> |

Governmental Activities

Net assets of the Career Center's governmental activities increased during fiscal year 2010 by \$1,724,108. Total revenues decreased .36% during fiscal year 2010. Operating grants and contributions increased as a result of student enrollment increasing from 1,852 in 2009 to 1,973 in 2010. Property tax revenue decreased due to the phase out of the tax on the tangible personal property of general business. The Career Center is reimbursed for this loss of revenue from the State, which contributed to the increase in unrestricted grants and entitlements in fiscal year 2010. Interest revenues decreased due to less cash resources invested as monies as well as the drop in rates due to economic conditions. Payment in lieu of tax revenue increased during fiscal year 2010 as more businesses began making payments.

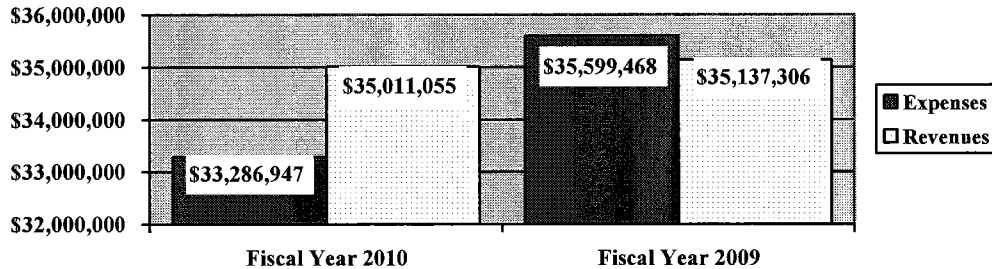
Fiscal year 2010 expenses decreased 6.50% from fiscal year 2009. This is due in part to a tight control of instruction and support services expenses during the year combined with costs related to the construction of the new building included in instruction and support services expenses in 2009 that were under the threshold and not capitalized. The Career Center reclassified certain expenditures that are reported in other instructional expenses for fiscal year 2010 that were reported in special instruction expenditures in the amount of approximately \$600,000 during fiscal year 2009.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal year 2010 and 2009.

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 2010 and 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

| | Total Cost of Services 2010 | Net Cost of Services 2010 | Total Cost of Services 2009 | Net Cost of Services 2009 |
|-----------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Program expenses | | | | |
| Instruction: | | | | |
| Special | \$ 613,142 | \$ (57,164) | \$ 1,328,986 | \$ (8,856) |
| Vocational | 16,782,335 | 12,629,301 | 18,577,522 | 14,119,315 |
| Adult/continuing | 863,297 | (11,153) | 668,492 | 172,533 |
| Other | 678,822 | 1,252 | - | - |
| Support services: | | | | |
| Pupil | 2,808,118 | 2,650,141 | 2,922,505 | 2,542,450 |
| Instructional staff | 2,508,316 | 2,293,882 | 2,434,966 | 2,197,869 |
| Board of education | 98,682 | 98,682 | 92,847 | 92,847 |
| Administration | 1,198,959 | 898,041 | 1,288,705 | 1,065,241 |
| Fiscal | 650,060 | 650,060 | 664,633 | 664,633 |
| Operations and maintenance | 2,960,035 | 2,960,035 | 3,145,729 | 3,145,729 |
| Central | 243,257 | 243,257 | 318,190 | 318,190 |
| Operation of non-instructional services | | | | |
| Other non-instructional services | 200,922 | (9,367) | 260,953 | 260,953 |
| Food service operations | 795,636 | 131,972 | 835,943 | 251,772 |
| Extracurricular activities | 161,645 | 161,645 | 125,457 | 105,110 |
| Interest and fiscal charges | 2,723,721 | 2,723,721 | 2,934,540 | 2,934,540 |
| Total expenses | <u>\$ 33,286,947</u> | <u>\$ 25,364,305</u> | <u>\$ 35,599,468</u> | <u>\$ 27,862,326</u> |

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

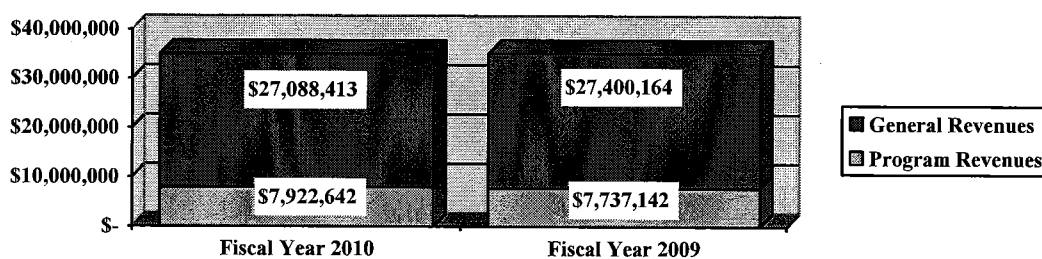
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

The dependence upon taxes and other general revenues for governmental activities is apparent, for all governmental activities, general revenue support is 76.20%. The Career Center's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for Career Center's students.

Several programs, however, receive significant contributions from program revenues. For instance, 33.70% of instruction costs are provided for through program revenues, primarily operating grants and contributions and charges for services which include tuition and fees.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2010 and 2009.

Governmental Activities - General and Program Revenues



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on pages 15) reported a combined fund balance of \$19,121,668, which is higher than last year's total of \$17,519,044. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

| | Fund Balance June 30, 2010 | Fund Balance (Deficit) June 30, 2009 | Increase (Decrease) |
|-----------------------|-------------------------------|--------------------------------------------|------------------------|
| General | \$ 2,610,822 | \$ 3,584,568 | \$ (973,746) |
| Bond retirement | 4,206,638 | 4,253,543 | (46,905) |
| Permanent improvement | 10,742,525 | 9,739,992 | 1,002,533 |
| Other Governmental | 1,561,683 | (59,059) | 1,620,742 |
| Total | \$ 19,121,668 | \$ 17,519,044 | \$ 1,602,624 |

The fund balance of the Career Center's other governmental funds increased \$1,620,742 during fiscal year 2010 as a result of a \$1,641,738 transfer from the general fund to the education foundation nonmajor special revenue fund to establish an education foundation (see Note 5.B for detail).

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

| | <u>2010</u> <u>Amount</u> | <u>2009</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|----------------------------------|------------------------------|------------------------------|------------------------------------|
| <u>Revenues</u> | | | |
| Taxes | \$ 10,414,754 | \$ 10,501,647 | (0.83) % |
| Tuition | 12,575 | 11,200 | 12.28 % |
| Earnings on investments | 23,595 | 470,280 | (94.98) % |
| Intergovernmental | 16,069,627 | 15,732,887 | 2.14 % |
| Other revenues | <u>549,718</u> | <u>513,245</u> | 7.11 % |
| Total | <u>\$ 27,070,269</u> | <u>\$ 27,229,259</u> | (0.58) % |
| <u>Expenditures</u> | | | |
| Instruction | \$ 16,431,181 | \$ 17,034,174 | (3.54) % |
| Support services | 8,917,912 | 8,915,040 | 0.03 % |
| Other non-instructional services | 200,922 | 260,953 | (23.00) % |
| Extracurricular activities | 178,510 | 125,457 | 42.29 % |
| Capital outlay | 10,667 | 120,541 | (91.15) % |
| Debt service | <u>34,082</u> | <u>30,616</u> | 11.32 % |
| Total | <u>\$ 25,773,274</u> | <u>\$ 26,486,781</u> | (2.69) % |

The general fund balance decreased by \$973,746 during fiscal year 2010. The Career Center's general fund still sees a continuation of overall revenues being more than expenditures. Tax revenue decreased .83% when compared to the prior fiscal year. This is due to HB 66, which phases out the tax on tangible personal property of general businesses. The Career Center is reimbursed for this lost revenue from the State, which contributed to the increase in intergovernmental revenue during fiscal year 2010. The decrease in earnings on investments is due to lower interest rates and less money invested when compared to the prior fiscal year. Other revenues increased from additional payment in lieu of revenue.

Overall expenditures decreased by 2.69%, during fiscal year 2010. Capital outlay expenditures were lower as a result of the amount of capital lease obligations entered into by the Career Center for office equipment during fiscal year 2009 and 2010. Instructional services decreased as a result of tight control over costs. The increase in support services resulted from the hiring of additional staff due to an increase in over 100 additional students over the previous year.

Bond Retirement Fund

During fiscal year 2010, the bond retirement fund made principal and interest payments of \$1,330,000 and \$2,684,430, respectively. The debt payments were funded by transfers from the permanent improvement fund.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

Permanent Improvement Fund

The 10.29% increase in the fund balance of the permanent improvement fund is a result of the Career Center finishing the construction of the new building and spending less on facilities acquisition and construction expenditures during 2010. The permanent improvement fund transferred out \$3,951,192 to the debt service fund for payments on the certificates of participation, and carried over \$1,002,533 to the next fiscal year.

General Fund Budgeting Highlights

The Career Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund shown as supplemental information on pages 48-49.

During the course of fiscal year 2010, the Career Center amended its general fund budget several times. For the general fund, original and final budgeted revenues and other financing sources were \$27,049,313 and \$27,016,251, respectively. Actual revenues and other financing sources for fiscal year 2010 were \$27,021,206. This represents a \$4,955 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$27,742,707 were increased to \$29,407,195 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$28,436,304, which was \$970,891 less than the final budget appropriations.

Capital Assets

At the end of fiscal 2010, the Career Center had \$92,095,449 invested in land, land improvements, buildings and building improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2010 balances compared to 2009:

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

| | Governmental Activities | |
|------------------------------------|-------------------------|---------------|
| | 2010 | 2009 |
| Land | \$ 7,150,778 | \$ 7,150,778 |
| Construction in progress | - | 105,247 |
| Land improvements | 2,293,945 | 2,468,786 |
| Building and building improvements | 79,149,333 | 80,389,989 |
| Furniture and equipment | 3,306,454 | 3,383,178 |
| Vehicles | 194,939 | 255,914 |
| Total | \$ 92,095,449 | \$ 93,753,892 |

The overall decrease in capital assets of \$1,658,443 occurred as a result of the completion of the construction of the new building in 2009 and the resulting depreciation associated with the building. Total additions to capital assets for 2010 were \$1,047,143 (net of \$105,247 being transferred out of construction in progress), total disposals were \$4,053 (net of accumulated depreciation) and depreciation expense was \$2,701,533.

See Note 9 to the basic financial statements for additional information on the Career Center's capital assets.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

Debt Administration

At June 30, 2010 and June 30, 2009, the Career Center had the following debt obligations outstanding:

| | Governmental Activities <u>2010</u> | Governmental Activities <u>2009</u> |
|-------------------------------|-------------------------------------------|-------------------------------------------|
| Land acquisition bonds | \$ 830,000 | \$ 1,220,000 |
| Certificates of participation | 57,560,000 | 58,890,000 |
| Capital lease obligation | <u>76,041</u> | <u>94,882</u> |
| Total | <u>\$ 58,466,041</u> | <u>\$ 60,204,882</u> |

At June 30, 2010 the District's overall legal debt margin was \$519,433,253 with an unvoted debt margin of \$5,733,962.

See Notes 10 and 11 to the basic financial statements for more detail on the District's debt obligations.

Current Related Financial Activities

Funding for Ohio Schools was changed from Average Daily Membership (ADM) to the Evidence Based Model in fiscal year 2010. Because career-technical education funding was not included in this funding change, career-technical education received a .75% increase in state foundation monies in fiscal year 2010 and fiscal year 2011. During this period, the legislature asked that career-tech funding be studied and a new model for funding be recommended for the new biennial budget beginning in July 2012. In addition, the State is facing an \$8 billion budget hole for the new biennium which will affect the State's overall budget including education.

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 Carrie J. Herringshaw, Treasurer, Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2010

| | Governmental Activities |
|---------------------------------------------------|------------------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents . . . | \$ 16,596,357 |
| Cash and cash equivalents with escrow agent . . . | 59,202 |
| Investments. | 4,201,624 |
| Receivables: | |
| Property taxes | 16,050,021 |
| Payments in lieu of taxes. | 234,787 |
| Accounts. | 14,749 |
| Intergovernmental | 85,645 |
| Accrued interest | 62,130 |
| Prepayments | 72,175 |
| Inventory held for resale | 5,264 |
| Materials and supplies inventory. | 4,842 |
| Unamortized issue costs | 1,477,220 |
| Capital assets: | |
| Land. | 7,150,778 |
| Depreciable capital assets, net. | 84,944,671 |
| Capital assets, net | 92,095,449 |
| Total assets. | 130,959,465 |
| Liabilities: | |
| Accounts payable. | 135,169 |
| Retainage payable | 59,202 |
| Accrued wages and benefits | 2,603,009 |
| Matured compensated absences payable | 169,926 |
| Separation benefits payable | 7,500 |
| Intergovernmental payable | 521,593 |
| Accrued interest payable | 647,761 |
| Unearned revenue | 14,137,098 |
| Long-term liabilities: | |
| Due within one year. | 2,168,819 |
| Due within more than one year | 59,946,779 |
| Total liabilities | 80,396,856 |
| Net Assets: | |
| Invested in capital assets, net | |
| of related debt. | 32,825,110 |
| Restricted for: | |
| Capital projects | 10,901,191 |
| Debt service. | 3,558,877 |
| State funded programs. | 410 |
| Other purposes | 155,361 |
| Unrestricted | 3,121,660 |
| Total net assets | \$ 50,562,609 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|--------------------------------------------------|----------------------|-----------------------------------|---------------------------------------|----------------------------------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental activities: | | | | |
| Instruction: | | | | |
| Special | \$ 613,142 | \$ - | \$ 670,306 | \$ 57,164 |
| Vocational | 16,782,335 | 57,846 | 4,095,188 | (12,629,301) |
| Adult/continuing | 863,297 | 318,702 | 555,748 | 11,153 |
| Other | 678,822 | - | 677,570 | (1,252) |
| Support services: | | | | |
| Pupil | 2,808,118 | - | 157,977 | (2,650,141) |
| Instructional staff | 2,508,316 | - | 214,434 | (2,293,882) |
| Board of education | 98,682 | - | - | (98,682) |
| Administration | 1,198,959 | 158,008 | 142,910 | (898,041) |
| Fiscal | 650,060 | - | - | (650,060) |
| Operations and maintenance | 2,960,035 | - | - | (2,960,035) |
| Central | 243,257 | - | - | (243,257) |
| Other non-instructional services | 200,922 | 208,294 | 1,995 | 9,367 |
| Food service operations | 795,636 | 389,501 | 274,163 | (131,972) |
| Extracurricular activities | 161,645 | - | - | (161,645) |
| Interest and fiscal charges | 2,723,721 | - | - | (2,723,721) |
| Total governmental activities | \$ 33,286,947 | \$ 1,132,351 | \$ 6,790,291 | (25,364,305) |
| General Revenues: | | | | |
| Property taxes levied for: | | | | |
| General purposes | | | | 10,425,142 |
| Capital outlay | | | | 4,682,407 |
| Payments in lieu of taxes | | | | 262,509 |
| Grants and entitlements not restricted | | | | |
| to specific programs | | | | 11,556,992 |
| Investment earnings | | | | 152,036 |
| Miscellaneous | | | | 9,327 |
| Total general revenues | | | | 27,088,413 |
| Change in net assets | | | | 1,724,108 |
| Net assets at beginning of year | | | | 48,838,501 |
| Net assets at end of year | | | | \$ 50,562,609 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

| | General | Bond Retirement | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------|----------------------|---------------------|--------------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Equity in pooled cash and cash equivalents. | \$ 4,661,157 | \$ 479 | \$ 10,061,188 | \$ 1,873,533 | \$ 16,596,357 |
| Investments. | - | 4,201,624 | - | - | 4,201,624 |
| Receivables: | | | | | |
| Property taxes. | 11,167,159 | - | 4,882,862 | - | 16,050,021 |
| Payments in lieu of taxes. | 234,787 | - | - | - | 234,787 |
| Accounts. | 10,405 | - | - | 4,344 | 14,749 |
| Intergovernmental. | 1,381 | - | - | 84,264 | 85,645 |
| Accrued interest. | 57,595 | 4,535 | - | - | 62,130 |
| Interfund loans. | 221,192 | - | 186,585 | - | 407,777 |
| Prepayments. | 63,530 | - | - | 8,645 | 72,175 |
| Inventory held for resale. | - | - | - | 5,264 | 5,264 |
| Materials and supplies inventory | - | - | - | 4,842 | 4,842 |
| Restricted assets: | | | | | |
| Cash and cash equivalents with escrow agent | - | - | - | 59,202 | 59,202 |
| Total assets | \$ 16,417,206 | \$ 4,206,638 | \$ 15,130,635 | \$ 2,040,094 | \$ 37,794,573 |
| Liabilities: | | | | | |
| Accounts payable | \$ 121,023 | \$ - | \$ - | \$ 14,146 | \$ 135,169 |
| Accrued wages and benefits. | 2,538,738 | - | - | 64,271 | 2,603,009 |
| Matured compensated absences payable | 169,926 | - | - | - | 169,926 |
| Separation benefits payable | 7,500 | - | - | - | 7,500 |
| Intergovernmental payable | 482,947 | - | - | 38,646 | 521,593 |
| Interfund loans payable. | 186,585 | - | - | 221,192 | 407,777 |
| Liabilities payable from restricted assets: | | | | | |
| Retainage payable | - | - | - | 59,202 | 59,202 |
| Deferred revenue | 392,011 | - | 158,666 | 80,954 | 631,631 |
| Unearned revenue. | 9,907,654 | - | 4,229,444 | - | 14,137,098 |
| Total liabilities. | 13,806,384 | - | 4,388,110 | 478,411 | 18,672,905 |
| Fund Balances: | | | | | |
| Reserved for encumbrances | 212,533 | - | - | 60,554 | 273,087 |
| Reserved for prepayments. | 63,530 | - | - | 8,645 | 72,175 |
| Reserved property taxes | 1,133,888 | - | 494,752 | - | 1,628,640 |
| Unreserved, undesignated (deficit), reported in: | | | | | |
| General fund | 1,200,871 | - | - | - | 1,200,871 |
| Special revenue funds | - | - | - | 1,492,484 | 1,492,484 |
| Debt service fund. | - | 4,206,638 | - | - | 4,206,638 |
| Capital projects funds | - | - | 10,247,773 | - | 10,247,773 |
| Total fund balances | 2,610,822 | 4,206,638 | 10,742,525 | 1,561,683 | 19,121,668 |
| Total liabilities and fund balances | \$ 16,417,206 | \$ 4,206,638 | \$ 15,130,635 | \$ 2,040,094 | \$ 37,794,573 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

| | | |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------|
| Total governmental fund balances | | \$ 19,121,668 |
| <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. | | 92,095,449 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | | |
| Taxes receivable | \$ 519,070 | |
| Intergovernmental receivable | 80,954 | |
| Accrued interest receivable | <u>31,607</u> | |
| Total | | 631,631 |
| Unamortized issuance costs are not recognized in the funds | | 1,477,220 |
| Unamortized premiums on issuances are not recognized in the funds. | | (804,298) |
| Accrued interest payable is not due and payable within the current period and therefore is not reported in the funds. | | (647,761) |
| Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Compensated absences payable | (2,845,259) | |
| General obligation bonds payable | (830,000) | |
| Certificates of participation payable | (57,560,000) | |
| Capital lease obligation | <u>(76,041)</u> | |
| Total | | <u>(61,311,300)</u> |
| Net assets of governmental activities | | <u>\$ 50,562,609</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | <u>General</u> | <u>Bond Retirement</u> | <u>Permanent Improvement</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------------------------------------------------------------|---------------------|----------------------------|----------------------------------|-----------------------------------------|-----------------------------------------|
| Revenues: | | | | | |
| From local sources: | | | | | |
| Property taxes | \$ 10,414,754 | \$ - | \$ 4,696,262 | \$ - | \$ 15,111,016 |
| Payment in lieu of taxes | 262,509 | - | - | - | 262,509 |
| Tuition | 12,575 | - | - | 460,088 | 472,663 |
| Charges for services | - | - | - | 389,501 | 389,501 |
| Contract services | 235,169 | - | - | 4,840 | 240,009 |
| Earnings on investments | 23,595 | 16,333 | 97,526 | 7,856 | 145,310 |
| Decrease in FMV of investments | - | - | - | (121,032) | (121,032) |
| Extracurricular | 23,718 | - | - | - | 23,718 |
| Classroom materials and fees | - | - | - | 6,460 | 6,460 |
| Rental income | 3,849 | - | - | - | 3,849 |
| Contributions and donations | 18,995 | - | - | - | 18,995 |
| Other local revenues | 5,478 | - | - | 13,988 | 19,466 |
| Intergovernmental - State | 16,069,627 | - | 908,061 | 518,375 | 17,496,063 |
| Intergovernmental - Federal | - | - | - | 897,744 | 897,744 |
| Total revenue | <u>27,070,269</u> | <u>16,333</u> | <u>5,701,849</u> | <u>2,177,820</u> | <u>34,966,271</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Special | 588,674 | - | - | - | 588,674 |
| Vocational | 15,233,238 | - | - | 26,896 | 15,260,134 |
| Adult/continuing | 14,217 | - | - | 836,290 | 850,507 |
| Other | 595,052 | - | - | - | 595,052 |
| Support services: | | | | | |
| Pupil | 2,384,180 | - | - | 355,025 | 2,739,205 |
| Instructional staff | 2,149,439 | - | - | 240,491 | 2,389,930 |
| Board of education | 85,443 | - | - | - | 85,443 |
| Administration | 885,054 | - | - | 290,863 | 1,175,917 |
| Fiscal | 593,065 | - | 45,931 | - | 638,996 |
| Operations and maintenance | 2,577,815 | - | - | - | 2,577,815 |
| Central | 242,916 | - | - | - | 242,916 |
| Operation of non-instructional services | 200,922 | - | - | - | 200,922 |
| Food service operations | - | - | - | 649,251 | 649,251 |
| Extracurricular activities | 178,510 | - | - | - | 178,510 |
| Facilities acquisition and construction | - | - | 705,933 | - | 705,933 |
| Capital outlay | 10,667 | - | - | - | 10,667 |
| Debt service: | | | | | |
| Principal retirement | 29,508 | 1,330,000 | 390,000 | - | 1,749,508 |
| Interest and fiscal charges | 4,574 | 2,684,430 | 45,930 | - | 2,734,934 |
| Total expenditures | <u>25,773,274</u> | <u>4,014,430</u> | <u>1,187,794</u> | <u>2,398,816</u> | <u>33,374,314</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,296,995</u> | <u>(3,998,097)</u> | <u>4,514,055</u> | <u>(220,996)</u> | <u>1,591,957</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 3,951,192 | 439,670 | 1,841,738 | 6,232,600 |
| Transfers (out) | (2,281,408) | - | (3,951,192) | - | (6,232,600) |
| Capital lease transaction | 10,667 | - | - | - | 10,667 |
| Total other financing sources (uses) | <u>(2,270,741)</u> | <u>3,951,192</u> | <u>(3,511,522)</u> | <u>1,841,738</u> | <u>10,667</u> |
| Net change in fund balances | (973,746) | (46,905) | 1,002,533 | 1,620,742 | 1,602,624 |
| Fund balances (deficit) at beginning of year. | <u>3,584,568</u> | <u>4,253,543</u> | <u>9,739,992</u> | <u>(59,059)</u> | <u>17,519,044</u> |
| Fund balances at end of year. | <u>\$ 2,610,822</u> | <u>\$ 4,206,638</u> | <u>\$ 10,742,525</u> | <u>\$ 1,561,683</u> | <u>\$ 19,121,668</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD 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, 2010

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------|
| Net change in fund balances - total governmental funds | \$ | 1,602,624 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period. | | |
| Capital asset additions | \$ 1,047,143 | |
| Current year depreciation | <u>(2,701,533)</u> | |
| Total | | (1,654,390) |
| Governmental funds only report the gain from 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. | | |
| | | (4,053) |
| Capital lease transactions are recorded as an other financing source in the governmental funds; however, the proceeds increase long-term liabilities on the statement of net assets. | | |
| | | (10,667) |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | |
| | | 1,749,508 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Taxes | (3,467) | |
| Intergovernmental revenue | 33,669 | |
| Accrued interest | <u>14,582</u> | |
| Total | | 44,784 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. The following items resulted in less interest being recorded in the statement of activities: | | |
| Decrease in accrued interest payable | 27,047 | |
| Amortization of premium | 18,926 | |
| Amortization of issuance costs | <u>(34,760)</u> | |
| Total | | 11,213 |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported in the funds. | | |
| | | <u>(14,911)</u> |
| Change in net assets of governmental activities | \$ | <u>1,724,108</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

| | Private Purpose Trust | |
|------------------------------------------------------|------------------------------|---------------|
| | Scholarship | Agency |
| Assets: | | |
| Equity in pooled cash and cash equivalents | \$ 7,121 | \$ 7,521 |
| Total assets. | 7,121 | \$ 7,521 |
| Liabilities: | | |
| Accounts payable. | 2,314 | \$ - |
| Due to students. | - | 7,521 |
| Total liabilities. | 2,314 | \$ 7,521 |
| Net assets: | | |
| Held in trust for scholarships | 4,807 | |
| Total net assets. | \$ 4,807 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Private Purpose Trust |
|--------------------------------------------------|----------------------------------|
| | Scholarship |
| Additions: | |
| Gifts and contributions | \$ 8,737 |
| Total additions. | 8,737 |
| Deductions: | |
| Scholarships awarded | 10,210 |
| Change in net assets. | (1,473) |
| Net assets at beginning of year | 6,280 |
| Net assets at end of year. | \$ 4,807 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a nine member Board of Education consisting of a representative from the participating school districts' elected Boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and one representative from each of the most populous counties: Lucas and Wood. 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 1964. The Career Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. It is staffed by 66 classified employees, 242 certified teaching personnel and 22 administrative employees who provide services to 1,973 students and other community members. The Career Center currently operates one instructional building.

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, to its governmental activities provided they did 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).

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The Career Center is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2010, the Career Center paid \$56,448 to NWOCA for various services. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

INSURANCE POOLS

Ohio School Plan

The Career Center participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member Board consisting of superintendents, treasurers, and a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan
The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Wood County Insurance Consortium

The Wood County Insurance Consortium (WCIC) is a public entity shared risk pool consisting of six local school districts, one exempted village school district, a city school district, the Career Center, and an educational service center. WCIC is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the WCIC.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the WCIC is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Medical Mutual of Ohio, 3737 Sylvania Avenue, Toledo, Ohio 43623.

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. These statements usually distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the Career center has no business-type activities.

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

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

Bond retirement fund - The bond retirement debt service fund accounts for the accumulation of resources for, and the payment of principal, interest and related costs of the certificates of participation.

Permanent improvement fund - The permanent improvement capital projects fund accounts for property taxes restricted for the acquisition, construction, or improvement of capital facilities.

The other governmental funds of the Career Center account for grants and other resources whose use is restricted to a particular purpose and financial resources to be used for the acquisition, construction, or improvement of capital facilities.

FIDUCIARY FUNDS

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

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using a flow of 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. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

E. Basis of Accounting

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

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.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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, contract services, and charges for services.

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, 2010, but which were levied to finance fiscal year 2011 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 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2010, have been reported as deferred revenue.

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 fund financial statements as an expenditure 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.

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the estimate of revenues, certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The estimate of revenues provides information regarding the estimated revenues for all funds, along with a schedule of outstanding general obligation debt. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level for these funds are made by the Treasurer.

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

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

G. Cash and Investments

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

Cash and cash equivalents that are held separately by an escrow agent for payment of retainage to contractors upon project completion are recorded as "cash and cash equivalents with escrow agent".

During fiscal year 2010, the Career Center's investments included nonnegotiable certificates of deposit, federal agency securities, repurchase agreements, U.S. Government money market, mutual funds and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit and repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2010.

The Board of Education, by resolution, allocates interest earnings at the end of each fiscal year. Interest revenue credited to the general fund during fiscal year 2010 was \$23,595, which does not include interest assigned from other funds.

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

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated food and purchased food.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

J. Unamortized Issuance Costs

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds.

On the governmental fund financial statements, issuance costs are recognized as expenditures in the period in which the debt is issued.

K. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Career Center has resources set-aside in separate escrow accounts whose use is limited to the payment of retainage to contractors.

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These 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 retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$5,000 for its general capital assets. 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.

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>Useful lives</u> |
|-------------------------------------|---------------------|
| Land improvements | 20 years |
| Buildings and building improvements | 15 - 40 years |
| Furniture, fixtures and equipment | 5 - 20 years |
| Vehicles | 5 - 10 years |

M. 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 column on the statement of net assets.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

N. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

O. Accrued Liabilities and Long-Term Obligations

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

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

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or 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 Career Center applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Career Center did not have any net assets restricted by enabling legislation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Q. Fund Balance Reserves

Reservations of fund balances indicate that portion of fund equity which are not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, and property taxes. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

R. Unamortized Premiums

On government-wide financial statements, premiums are deferred and amortized over the term of the debt using the debt-outstanding method, which approximates the effective interest method. Premiums are presented as an addition to the face of the debt.

On the government-wide financial statements, premiums are recognized as other financing sources in the period in which the debt is issued.

S. Interfund Activity

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

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

Exchange transactions between funds are reported as 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 basic financial statements.

T. 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the Career Center has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the Career Center.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| Vocational education | \$ 400 |
| ABLE | 113,305 |
| Tech preparation | 112,405 |

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 balances result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are monies determined to be 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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;
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 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 the 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.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 \$1,004 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all Career Center deposits was \$14,977,436. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$3,839,210 of the Career Center's bank balance of \$15,042,007 was exposed to custodial risk as discussed below, while \$11,202,797 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2010, the Career Center had the following investments and maturities:

| <u>Investment type</u> | <u>Fair Value</u> | <u>Investment Maturities 6 months or less</u> |
|-----------------------------------------|---------------------|-----------------------------------------------------------|
| Repurchase agreements | \$ 157,036 | \$ 157,036 |
| Federal Home Loan Bank discount note | 4,201,624 | 4,201,624 |
| STAR Ohio | 6,567 | 6,567 |
| U.S. Government money market | 44,166 | 44,166 |
| Mutual funds | <u>1,483,992</u> | <u>1,483,992</u> |
| Total | <u>\$ 5,893,385</u> | <u>\$ 5,893,385</u> |

A significant portion of these investments are held by a specific fund as presented below:

| | <u>Bond Retirement</u> |
|------------------------------------------|----------------------------|
| Federal Home Loan Bank discount notes | \$ 4,201,624 |

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

Credit Risk: The investments in Federal Home Loan Bank discount note carries a rating of Aaa by Moodys and AAA by Standard & Poor's. The securities underlying the repurchase agreement (Government National Mortgage Association Bonds) carry a rating of AAA by Moodys. The mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAAM by Standard & Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements be limited to investments listed in items 1 and 2 on page 32 and no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of 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. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the school district's name. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2010:

| <u>Investment type</u> | <u>Fair value</u> | <u>% to total</u> |
|-----------------------------------------|---------------------|-------------------|
| Repurchase agreements | \$ 157,036 | 2.66 |
| Federal Home Loan Bank discount note | 4,201,624 | 71.30 |
| STAR Ohio | 6,567 | 0.11 |
| U.S. Government money market | 44,166 | 0.75 |
| Mututal funds | <u>1,483,992</u> | <u>25.18</u> |
| Total | <u>\$ 5,893,385</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, 2010:

| | |
|-------------------------------------------------------------|----------------------|
| <u>Cash and investments per note</u> | |
| Carrying amount of deposits | \$ 14,977,436 |
| Investments | 5,893,385 |
| Cash on hand | <u>1,004</u> |
| Total | <u>\$ 20,871,825</u> |
| <u>Cash and investments per statement of net assets</u> | |
| Governmental activities | \$ 20,857,183 |
| Private-purpose trust funds | 7,121 |
| Agency funds | <u>7,521</u> |
| Total | <u>\$ 20,871,825</u> |

NOTE 5 - INTERFUND TRANSACTIONS

- A. At June 30, 2010, the general fund had a short-term interfund receivable, in the amount of \$221,192, from other governmental funds as a result of providing cash flow resources until the receipt of grant monies.

The permanent improvement capital projects fund had a short-term loan receivable, in the amount of \$186,585, from the general fund for revenues recorded in the general fund and due to the permanent improvement capital projects fund.

The short-term interfund loans are expected to be repaid in the next fiscal year.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** During fiscal year 2010, the general fund made transfers to the permanent improvement capital projects fund, in the amount of \$439,670, to pay principal and interest on the land acquisition general obligation bonds. The general fund transferred \$1,641,738 to the education foundation nonmajor special revenue fund to establish and account for an education foundation in which the income will be used to pay expenses related to student participation in and attendance at competitions in the career-technical fields of study offered by the Career Center. The general fund also made transfers to other governmental funds, in the amount of \$200,000, to subsidize the operations of the food service and adult education programs.

During fiscal year 2010, the permanent improvement capital projects fund made transfers to the bond retirement fund, in the amount of \$3,951,192, to pay principal and interest on the certificates of participation.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the Career Center fiscal year runs from July through June. First half tax collections are received by the Career Center 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 certain tangible personal (used in business) property located in the Career Center. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

The Career Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$1,133,888 in the general fund and \$494,752 in the permanent improvement capital projects fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$994,178 in the general fund and \$490,660 in the permanent improvement capital projects 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, 2010 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 2010 taxes were collected are:

| | 2009 Second Half Collections | | 2010 First Half Collections | |
|---------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/residential and other real estate | \$ 5,688,453,340 | 96.50 | \$ 5,530,252,550 | 96.44 |
| Public utility personal | 203,531,780 | 3.45 | 204,052,130 | 3.56 |
| Tangible personal property | <u>2,700,188</u> | <u>0.05</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 5,894,685,308</u> | <u>100.00</u> | <u>\$ 5,734,304,680</u> | <u>100.00</u> |
| Tax rate per \$1,000 of assessed valuation | \$3.20 | | \$3.20 | |

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Lucas and Wood Counties have entered into agreements with a number of property owners under which the Counties have granted property tax abatements to those property owners and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the Counties to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The Career Center received \$262,509 in payments in lieu of taxes during fiscal year 2010 and a receivable of \$234,787 has been reported on the statement of net assets.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, payments in lieu 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. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes, are expected to be collected within one year. Property taxes and payments in lieu of taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivable follows:

| Governmental activities: | <u>Amount</u> |
|-------------------------------------|------------------|
| General fund: | |
| Contract services | \$ <u>1,381</u> |
| Other nonmajor governmental funds: | |
| Vocational education | 1,200 |
| ABLE | 80,954 |
| Drug-free | 577 |
| Improving teacher education | <u>1,533</u> |
| Total other governmental funds | <u>84,264</u> |
| Total intergovernmental receivables | <u>\$ 85,645</u> |

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - CAPITAL ASSETS

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

| | <u>Balance</u> <u>06/30/09</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>06/30/10</u> |
|---------------------------------------------|-----------------------------------|-----------------------|---------------------|-----------------------------------|
| Governmental activities: | | | | |
| <i>Nondepreciable capital assets:</i> | | | | |
| Land | \$ 7,150,778 | \$ - | \$ - | \$ 7,150,778 |
| Construction in progress | 105,247 | - | (105,247) | - |
| Total nondepreciable capital assets | <u>7,256,025</u> | <u>-</u> | <u>(105,247)</u> | <u>7,150,778</u> |
| <i>Depreciable capital assets:</i> | | | | |
| Land improvements | 2,657,497 | - | - | 2,657,497 |
| Buildings and building improvements | 82,275,538 | 838,228 | - | 83,113,766 |
| Furniture, fixtures and equipment | 5,158,615 | 314,162 | (136,413) | 5,336,364 |
| Vehicles | 1,058,242 | - | - | 1,058,242 |
| Total depreciable capital assets | <u>91,149,892</u> | <u>1,152,390</u> | <u>(136,413)</u> | <u>92,165,869</u> |
| <i>Less: accumulated depreciation</i> | | | | |
| Land improvements | (188,711) | (174,841) | - | (363,552) |
| Buildings and building improvements | (1,885,549) | (2,078,884) | - | (3,964,433) |
| Furniture, fixtures and equipment | (1,775,437) | (386,833) | 132,360 | (2,029,910) |
| Vehicles | (802,328) | (60,975) | - | (863,303) |
| Total accumulated depreciation | <u>(4,652,025)</u> | <u>(2,701,533)</u> | <u>132,360</u> | <u>(7,221,198)</u> |
| Depreciable capital assets, net | <u>86,497,867</u> | <u>(1,549,143)</u> | <u>(4,053)</u> | <u>84,944,671</u> |
| Governmental activities capital assets, net | <u>\$ 93,753,892</u> | <u>\$ (1,549,143)</u> | <u>\$ (109,300)</u> | <u>\$ 92,095,449</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|---------------------|
| <u>Instruction:</u> | |
| Special | \$ 99,191 |
| Vocational | 1,702,713 |
| Adult/continuing | 19,681 |
| <u>Support services:</u> | |
| Pupil | 39,128 |
| Instructional staff | 159,963 |
| Board of education | 13,239 |
| Administration | 52,248 |
| Fiscal | 7,357 |
| Operations and maintenance | 483,861 |
| Food service operations | <u>124,152</u> |
| Total depreciation expense | <u>\$ 2,701,533</u> |

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal years 2009 and 2010, the Career Center entered into capital lease agreements for office equipment. 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.

Capital assets acquired by lease have been capitalized and depreciated as follows:

Governmental activities

Capital assets, being depreciated:

| | |
|-----------------------------------------------------|-------------------|
| Furniture, fixtures and equipment | \$ 131,208 |
| Less: accumulated depreciation | |
| Furniture, fixtures and equipment | (29,413) |
| <i>Total capital assets, being depreciated, net</i> | <i>\$ 101,795</i> |

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

| <u>Fiscal Year Ending June 30,</u> | <u>Governmental Activities</u> |
|-----------------------------------------|------------------------------------|
| 2011 | \$ 36,126 |
| 2012 | 36,126 |
| 2013 | 5,509 |
| 2014 | 2,726 |
| 2015 | 2,045 |
| | 82,532 |
| Less: amount representing interest | (6,491) |
| Present value of minimum lease payments | <u>\$ 76,041</u> |

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS

The Career Center's long-term obligations during the year 2010 were as follows

| | Balance | | | Balance | Amounts |
|------------------------------------|----------------------|-------------------|-----------------------|----------------------|---------------------|
| | 06/30/09 | Additions | Reductions | 06/30/10 | due in |
| | | | | | one year |
| Governmental activities: | | | | | |
| 2002 Land acquisition bonds | | | | | |
| 2.5 - 5.25% | \$ 1,220,000 | \$ - | \$ (390,000) | \$ 830,000 | \$ 405,000 |
| 2004 Certificates of participation | | | | | |
| 1.4 - 5% | 58,890,000 | - | (1,330,000) | 57,560,000 | 1,395,000 |
| Premium on certificates | | | | | |
| of participation | 823,224 | - | (18,926) | 804,298 | - |
| Capital lease obligation | 94,882 | 10,667 | (29,508) | 76,041 | 32,452 |
| Compensated absences payable | 2,830,348 | 373,938 | (359,027) | 2,845,259 | 336,367 |
| | | | | | |
| Total governmental activities | | | | | |
| long-term obligations | <u>\$ 63,858,454</u> | <u>\$ 384,605</u> | <u>\$ (2,127,461)</u> | <u>\$ 62,115,598</u> | <u>\$ 2,168,819</u> |

Land Acquisition General Obligation Bonds - In fiscal year 2002, the Career Center issued \$3,500,000 in unvoted general obligation bonds to acquire land. The bonds were issued for a ten year period, with final maturity on December 1, 2011. The bonds are being retired from the permanent improvement capital projects fund with transfers from the general fund.

Certificates of Participation - On March 1, 2004, the Career Center entered into a lease agreement with the Agricultural Incubator Foundation for constructing, equipping and furnishing a new campus facility. The Agricultural Incubator Foundation entered into an agreement with a Trustee through which it assigned and transferred its rights, title, and interest under the lease to Huntington Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance of the Certificates were used to construct the new campus.

Terms of the trust indenture required a portion of the proceeds to be set-aside for certificate payments equal to the amount due in the first year. The current certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account is used solely to make rent payments if a deficiency exists in the current certificate payment account and, if all payments are current, to make payment of the last certificate payment.

The obligation of the Career Center under the lease and any subsequent lease renewal is subject to the annual appropriation of the rental payments. Legal title to the facilities remains with the Trustee until all payments required under the lease have been made. At that time, title will be transferred to the Career Center. In the event the Career Center defaults on the lease, after thirty days the lessor may lease the campus to a new tenant. Under terms of the lease agreement, the Career Center may not lease, acquire, or allocate funds to acquire functionally similar facilities for thirty days after default. The lease obligation will be paid from a one mill permanent improvement property tax levy.

The Certificates of Participation are not a general obligation of the Career Center and are payable only from appropriations by the Career Center for annual lease payments.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences will be paid from the general fund and the adult education special revenue fund.

The Career Center's overall debt margin was \$519,433,253 with an unvoted debt margin of \$5,733,962 at June 30, 2010.

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

| Fiscal Year Ending | Land Acquisition Bonds | | | Certificates of Participation | | |
|-----------------------|------------------------|------------------|-------------------|-------------------------------|----------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2011 | \$ 405,000 | \$ 28,238 | \$ 433,238 | \$ 1,395,000 | \$ 2,617,931 | \$ 4,012,931 |
| 2012 | 425,000 | 9,562 | 434,562 | 1,455,000 | 2,558,644 | 4,013,644 |
| 2013 | - | - | - | 1,500,000 | 2,513,175 | 4,013,175 |
| 2014 | - | - | - | 1,550,000 | 2,462,550 | 4,012,550 |
| 2015 | - | - | - | 1,620,000 | 2,392,800 | 4,012,800 |
| 2016 - 2020 | - | - | - | 9,270,000 | 10,798,412 | 20,068,412 |
| 2021 - 2025 | - | - | - | 11,690,000 | 8,383,325 | 20,073,325 |
| 2026 - 2030 | - | - | - | 14,680,000 | 5,396,738 | 20,076,738 |
| 2031 - 2034 | - | - | - | 14,400,000 | 1,655,550 | 16,055,550 |
| Total | <u>\$ 830,000</u> | <u>\$ 37,800</u> | <u>\$ 867,800</u> | <u>\$ 57,560,000</u> | <u>\$ 38,779,125</u> | <u>\$ 96,339,125</u> |

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred eighty-five days for all employees, with the exception of the superintendent and treasurer who may accumulate up to a maximum of three hundred twenty days. Upon retirement, with ten consecutive years of service with the Career Center, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of seventy-one and one-fourth days.

B. Health Care Benefits

The Career Center offers employee, medical and dental benefits through the Wood County Insurance Consortium. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to most employees through MetLife. Vision coverage is provided through Vision Service Plan.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

C. Separation Benefits

The Career Center provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System, that has ten years of service with the Career Center, will be paid \$1,500 if notification of pending retirement is submitted in writing to the Superintendent no later than March 1 for retirement effective at the end of the current school year or prior to the following school year.

NOTE 13 - RISK MANAGEMENT

The Career center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the Career Center contracted for the following insurance coverage.

Coverage provided by Ohio School Plan is as follows:

| | |
|-------------------|-------------|
| General liability | |
| Per occurrence | \$1,000,000 |
| Aggregate | 3,000,000 |
| Excess liability | 2,000,000 |

Coverage provided by the Netherlands Insurance Company is as follows:

| | |
|----------------------|--------------|
| Building | \$92,075,000 |
| Computer equipment | 2,415,653 |
| Computer software | 100,000 |
| Automobile liability | 1,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2010, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. 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 coverages and deductibles selected by the participant.

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

The Career Center participates in the Wood County Insurance Consortium (WCIC), a public entity shared risk pool of six local districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. The Career Center pays monthly premiums to the WCIC for employee medical and dental benefits. Upon withdrawal from the WCIC, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 14 - 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, disability, survivor 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 *Employers/Audit Resources*.

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 2010, 12.78 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, 2010, 2009 and 2008 were \$476,457, \$307,953 and \$300,687, respectively; 88.96 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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 Web site 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - PENSION PLANS - (Continued)

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 2010, 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, 2010, 2009 and 2008 were \$1,832,757, \$1,874,678 and \$1,859,260, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$48,174 made by the Career Center and \$34,410 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, 2010, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

NOTE 15 - 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, 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, 2010, 2009, and 2008 were \$70,477, \$151,508 and \$137,213, respectively; 88.96 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$28,334, \$25,409 and \$21,665, respectively; 88.96 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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.

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 2010, 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, 2010, 2009, and 2008 were \$140,981, \$144,206 and \$143,635, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 16 - CONTINGENCIES

A. Grants

The Career Center receives financial assistance from federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Career Center at June 30, 2010.

B. Litigation

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

NOTE 17 - STATUTORY RESERVES

The Career Center is required by State statute to annually set-aside, in the general fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2010.

| | <u>Textbooks</u> | <u>Capital Improvements</u> |
|---------------------------------------------|-----------------------|---------------------------------|
| Set-aside balance as of June 30, 2009 | \$ (2,093,527) | |
| Current year set-aside requirement | 329,197 | 329,197 |
| Qualifying disbursements | (1,578,653) | (401,871) |
| Current year off-sets | <u>-</u> | <u>(4,692,170)</u> |
| Total | <u>\$ (3,342,983)</u> | <u>\$ (4,764,844)</u> |
| Balance carried forward to fiscal year 2011 | <u>\$ (3,342,983)</u> | <u>\$ -</u> |

Although the Career Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital improvements reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year. The amount of qualifying disbursements exceeding the set-aside requirement in the textbooks reserve may be carried forward to reduce the set-aside requirement for future years.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| From local sources: | | | | |
| Property taxes | \$ 10,592,190 | \$ 10,272,189 | \$ 10,275,044 | \$ 2,855 |
| Payment in lieu of taxes | 100,000 | 262,509 | 262,509 | - |
| Tuition | - | 12,350 | 12,575 | 225 |
| Contract services | 215,000 | 229,025 | 229,104 | 79 |
| Earnings on investments | 100,000 | 66,000 | 66,832 | 832 |
| Extracurricular | 21,000 | 23,700 | 23,718 | 18 |
| Rental income | - | 3,900 | 3,849 | (51) |
| Contributions and donations | 4,000 | 19,093 | 18,995 | (98) |
| Other local revenues | 40,000 | 5,500 | 5,478 | (22) |
| Intergovernmental - State | 15,928,510 | 16,068,510 | 16,069,627 | 1,117 |
| Total revenue | <u>27,000,700</u> | <u>26,962,776</u> | <u>26,967,731</u> | <u>4,955</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | 695,659 | 695,659 | 710,907 | (15,248) |
| Vocational | 15,846,837 | 15,910,401 | 15,400,948 | 509,453 |
| Adult/continuing | - | 14,217 | 14,217 | - |
| Other | 534,284 | 534,284 | 503,819 | 30,465 |
| Support services: | | | | |
| Pupil | 2,487,367 | 2,453,059 | 2,328,709 | 124,350 |
| Instructional staff | 2,078,314 | 2,078,314 | 2,107,415 | (29,101) |
| Board of education | 92,223 | 92,223 | 71,756 | 20,467 |
| Administration | 1,039,461 | 1,039,461 | 912,215 | 127,246 |
| Fiscal | 637,868 | 637,868 | 610,911 | 26,957 |
| Operations and maintenance | 2,716,983 | 2,716,983 | 2,597,777 | 119,206 |
| Central | 321,048 | 321,048 | 277,299 | 43,749 |
| Operation of non-instructional services | 272,372 | 251,649 | 214,381 | 37,268 |
| Extracurricular activities | 160,130 | 160,130 | 184,051 | (23,921) |
| Total expenditures | <u>26,882,546</u> | <u>26,905,296</u> | <u>25,934,405</u> | <u>970,891</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>118,154</u> | <u>57,480</u> | <u>1,033,326</u> | <u>975,846</u> |
| Other financing sources (uses): | | | | |
| Refund of prior year expenditures | - | 4,862 | 4,862 | - |
| Transfers (out) | (639,670) | (2,281,408) | (2,281,408) | - |
| Advances in | 48,613 | 48,613 | 48,613 | - |
| Advances (out) | (220,491) | (220,491) | (220,491) | - |
| Total other financing sources (uses) | <u>(811,548)</u> | <u>(2,448,424)</u> | <u>(2,448,424)</u> | <u>-</u> |
| Net change in fund balance | (693,394) | (2,390,944) | (1,415,098) | 975,846 |
| Fund balance at beginning of year | <u>5,257,577</u> | <u>5,257,577</u> | <u>5,257,577</u> | <u>-</u> |
| Prior year encumbrances appropriated | <u>537,900</u> | <u>537,900</u> | <u>537,900</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 5,102,083</u> | <u>\$ 3,404,533</u> | <u>\$ 4,380,379</u> | <u>\$ 975,846</u> |

SEE ACCOMPANYING NOTES TO THIS SCHEDULE

PENTA CAREER CENTER

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Notes:

While the Career Center is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance - budget (non-GAAP basis) and actual 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advance-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are reported as fair value (GAAP basis) rather than cost (budget basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund are as follows:

Changes in Fund Balance

| | <u>General fund</u> |
|-----------------------------------------|-------------------------|
| Budget basis | \$ (1,415,098) |
| Net adjustment for revenue accruals | 102,538 |
| Net adjustment for expenditure accruals | (120,348) |
| Net adjustment for other sources/uses | 177,683 |
| Adjustment for encumbrances | <u>281,479</u> |
| GAAP basis | <u>\$ (973,746)</u> |

PENTA CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (ACCRUAL BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor/ Pass – Through Grantor/ Program Title | Grantor Number | CFDA Number | Award Amount | Grant Receipts | Non-Cash Receipts | Grant Expenditures | Non-Cash Expenditures |
|--------------------------------------------------------------|---------------------|----------------|--------------------|--------------------|----------------------|-----------------------|--------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | | | | | |
| Pell Grant | 1340946365AI | 84.063 | \$ 221,505 | \$ 221,505 | \$ -0- | \$ 221,505 | \$ -0- |
| Supplemental Education Opportunity Grant | | 84.007 | <u>5,402</u> | <u>5,402</u> | -0- | <u>5,402</u> | -0- |
| Total Student Financial Assistance Cluster | | | <u>226,907</u> | <u>226,907</u> | -0- | <u>226,907</u> | -0- |
| <i>Pass through Four County Career Center</i> | | | | | | | |
| Career and Technical Education Basic Grants (Adult) | N/A | 84.048 | 50,203 | 50,203 | -0- | 50,203 | -0- |
| <i>Pass through Ohio Department of Education</i> | | | | | | | |
| Career and Technical Education Basic Grants (Secondary) | CDP-S-10 | 84.048 | 381,954 | 252,106 | -0- | 381,954 | -0- |
| Career and Technical Education Basic Grants (Secondary) | CDP-S-09 | 84.048 | 379,506 | 32,246 | -0- | -0- | -0- |
| Career and Technical Education Basic Grants (Stem) | VECP-Stem-09-051359 | 84.048 | <u>150,000</u> | <u>4,124</u> | -0- | <u>-0-</u> | -0- |
| | | | <u>961,663</u> | <u>338,679</u> | -0- | <u>432,157</u> | -0- |
| Adult Basic Education – FY 2010 | ABLE-10 | 84.002 | 428,022 | 263,228 | -0- | 366,004 | -0- |
| Title IV-A – Safe and Drug Free Schools | IV SDFSC-10 | 84.186 | 5,769 | 5,192 | -0- | 5,769 | -0- |
| Title II-A – Improving Teacher Quality | II-A TQu 10 | 84.367 | <u>15,331</u> | <u>13,798</u> | -0- | <u>15,331</u> | -0- |
| TOTAL DEPARTMENT OF EDUCATION | | | <u>1,637,692</u> | <u>847,804</u> | -0- | <u>1,046,168</u> | -0- |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| <i>Pass through Ohio Department of Education</i> | | | | | | | |
| School Breakfast Program | Nutrition Cluster | 10.553 | 45,387 | 45,387 | -0- | 45,387 | -0- |
| National School Lunch Program | Nutrition Cluster | 10.555 | <u>202,796</u> | <u>202,796</u> | <u>21,149</u> | <u>202,796</u> | <u>21,149</u> |
| TOTAL DEPARTMENT OF AGRICULTURE | | | <u>248,183</u> | <u>248,183</u> | <u>21,149</u> | <u>248,183</u> | <u>21,149</u> |
| TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS | | | <u>\$1,885,875</u> | <u>\$1,095,987</u> | <u>\$21,149</u> | <u>\$1,294,351</u> | <u>\$21,149</u> |

NOTE 1 – Food Distribution

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.

NOTE 2 – Subrecipients

Of the federal expenditures presented in the schedule, Penta Career Center provided federal awards to subrecipients as follows:

| <i>CFDA Number</i> | <i>Program Name</i> | <i>Amount Provided to Subrecipients</i> |
|--------------------|-----------------------|-----------------------------------------|
| 84.002 | Adult Basic Education | \$267,874 |



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

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center ("Career Center"), as of and for the year ended June 30, 2010, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Handwritten signature of William C. Brice in cursive script.

December 27, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR
A-133

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

Compliance

We have audited Penta Career Center's ("Career Center") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Career Center's major federal program for the year ended June 30, 2010. The Career Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, the Career Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major program for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Career Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of

internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Career Center's internal control over compliance.

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

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

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

Weber O'Brien Ltd

December 27, 2010

PENTA CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2010

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

| | | |
|-------------------------------------------------------|-----------|----------------------------|
| Type of auditors’ report issued: | | <u>Unqualified</u> |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____ yes | <u> X </u> no |
| Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported |
| Noncompliance material to financial statements noted? | _____ yes | <u> X </u> no |

Federal Awards

| | | |
|-----------------------------------------|-----------|----------------------------|
| Internal Control over major programs: | | |
| Material weakness(es) identified? | _____ yes | <u> X </u> no |
| Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported |

| | | |
|-------------------------------------------------------------------|--|--------------------|
| Type of auditors’ report issued on compliance for major programs: | | <u>Unqualified</u> |
|-------------------------------------------------------------------|--|--------------------|

| | | |
|-------------------------------------------------------------------------------------------------------------------|-----------|-----------------|
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | _____ yes | <u> X </u> no |
|-------------------------------------------------------------------------------------------------------------------|-----------|-----------------|

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-------------------------------------------|
| 84.002 | Adult Basic Literacy Education |

| | |
|--------------------------------------------------------------------------|------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$300,000</u> |
|--------------------------------------------------------------------------|------------------|

| | | |
|----------------------------------------|------------------|----------|
| Auditee qualified as low risk auditee? | <u> X </u> yes | _____ No |
|----------------------------------------|------------------|----------|

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PENTA CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

NONE



INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES

Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

To the Board of Education:

Ohio Revised 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 the Board, solely to assist the Board in evaluating whether Penta Career Center has adopted an anti-harassment policy in accordance with Ohio Revised 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 13, 2010.
2. We read the policy, noting it included the following requirements from Ohio Revised 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;
 - 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 District 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.

Webster Brian Ltd

December 27, 2010

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Dave Yost • Auditor of State

PENTA CAREER CENTER

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 1, 2011**