

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011***

**CARRIE J. HERRINGSHAW, TREASURER**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Penta Career Center, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 21, 2011

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**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Accountants' Report

Penta Career Center  
9301 Buck Road  
Perrysburg, Ohio 43551

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center, Wood County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise Penta Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Penta Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, 2011, and the respective changes in financial position, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the fiscal year ended June 30, 2011 Penta Career Center adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011 on our consideration of Penta Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 3 - 12 and the required budgetary comparison schedule and notes on pages 49 - 51 as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise Penta Career Center's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* provides additional analysis and is not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
November 7, 2011



**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The management's 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, 2011. 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 2011 are as follows:

- In total, net assets of governmental activities increased \$3,795,729 which represents a 7.51% increase from 2010.
- General revenues accounted for \$28,823,127 in revenue or 77.04% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$8,590,298 or 22.96% of total revenues of \$37,413,425.
- The Career Center had \$33,617,696 in expenses related to governmental activities; \$8,590,298 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 \$28,634,071 in revenues and \$25,884,485 in expenditures. During fiscal year 2011, the general fund's fund balance increased \$2,749,586 or 66.44% from a restated balance of \$4,138,501 to \$6,888,087.
- The fund balance of the bond retirement fund decreased 0.20% during fiscal year 2011 from \$4,206,638 to \$4,198,312.
- The fund balance of the permanent improvement fund increased \$1,370,350 during fiscal year 2011.

**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, 2011

**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 2011. 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, 2011

***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 21-48 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 2011 and 2010.

	<b>Net Assets</b>	
	Governmental Activities 2011	Governmental Activities 2010
<b><u>Assets</u></b>		
Current and other assets	\$ 42,516,354	\$ 38,864,016
Capital assets	<u>89,746,327</u>	<u>92,095,449</u>
Total assets	<u>132,262,681</u>	<u>130,959,465</u>
<b><u>Liabilities</u></b>		
Current liabilities	17,570,096	18,281,258
Long-term liabilities	<u>60,334,247</u>	<u>62,115,598</u>
Total liabilities	<u>77,904,343</u>	<u>80,396,856</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	32,328,263	32,825,110
Restricted	16,063,439	14,615,839
Unrestricted	<u>5,966,636</u>	<u>3,121,660</u>
Total net assets	<u>\$ 54,358,338</u>	<u>\$ 50,562,609</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the Career Center's assets exceeded liabilities by \$54,358,338.

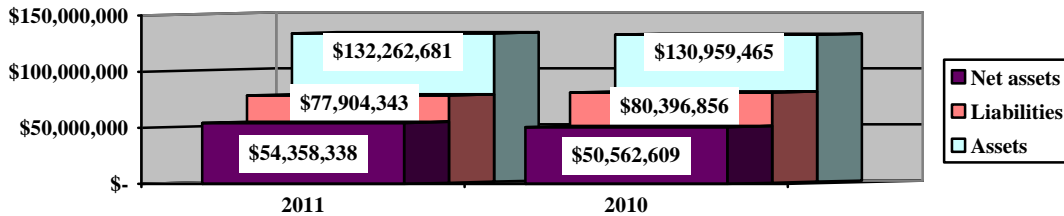
**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

At June 30, 2011, capital assets represented 67.85% 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, 2011 were \$32,328,263. These capital assets are used to provide services to the students and are not available for future spending. Although the District'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, \$16,063,439, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$5,966,636 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 2011 and 2010.

**Change in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,092,361	\$ 1,132,351
Operating grants and contributions	7,497,937	6,790,291
General revenues:		
Property taxes	16,028,976	15,107,549
Payment in lieu of taxes	251,530	262,509
Grants and entitlements	11,985,200	11,556,992
Investment earnings	294,688	152,036
Increase in FMV of investments	254,167	-
Miscellaneous	8,566	9,327
<b>Total revenues</b>	<b>37,413,425</b>	<b>35,011,055</b>

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Change in Net Assets - (Continued)**

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Special	\$ 951,406	\$ 613,142
Vocational	16,715,584	16,782,335
Adult/continuing	1,024,596	863,297
Other	530,276	678,822
Support services:		
Pupil	2,805,480	2,808,118
Instructional staff	2,523,136	2,508,316
Board of education	58,377	98,682
Administration	1,187,557	1,198,959
Fiscal	659,570	650,060
Operations and maintenance	3,012,353	2,960,035
Central	302,449	243,257
Operation of non-instructional services		
Other non-instructional services	202,530	200,922
Food service operations	772,686	795,636
Extracurricular activities	221,372	161,645
Interest and fiscal charges	<u>2,650,324</u>	<u>2,723,721</u>
Total expenses	<u>33,617,696</u>	<u>33,286,947</u>
Change in net assets	3,795,729	1,724,108
Net assets at beginning of year	<u>50,562,609</u>	<u>48,838,501</u>
Net assets at end of year	<u>\$ 54,358,338</u>	<u>\$ 50,562,609</u>

**Governmental Activities**

Net assets of the Career Center's governmental activities increased during fiscal year 2011 by \$3,795,729. Total revenues increased 6.86% during fiscal year 2011. Operating grants and contributions increased as a result of student enrollment increasing from 1,973 in 2010 to 1,996 in 2011. Property tax revenue increased due to the amount available as an advance at June 30, 2011, which was \$547,387 higher than in 2010. The Career Center is reimbursed for the loss of revenue from the State for the phase out of the tangible personal property tax, which contributed to the increase in unrestricted grants and entitlements in fiscal year 2011. Interest revenues increased due to more cash resources invested as monies as well as the increase in the fair market value of the Career Center's investments. Payment in lieu of tax revenue decreased during fiscal year 2011 as fewer businesses were making payments.

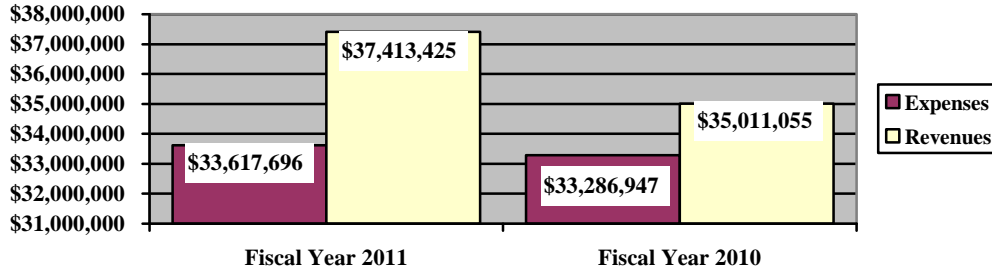
Fiscal year 2011 expenses increased 0.99% from fiscal year 2010. This is due in part to a tight control of instruction and support services expenses during the year combined with costs related to the construction of the new building included in instruction and support services expenses in 2011 that were under the threshold and not capitalized.

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal year 2011 and 2010.

**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 2011 and 2010. 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 <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
<b>Program expenses</b>				
Instruction:				
Special	\$ 951,406	\$ 128,874	\$ 613,142	\$ (57,164)
Vocational	16,715,584	12,381,327	16,782,335	12,629,301
Adult/continuing	1,024,596	97,213	863,297	(11,153)
Other	530,276	(5,177)	678,822	1,252
Support services:				
Pupil	2,805,480	2,324,247	2,808,118	2,650,141
Instructional staff	2,523,136	2,159,359	2,508,316	2,293,882
Board of education	58,377	58,377	98,682	98,682
Administration	1,187,557	907,455	1,198,959	898,041
Fiscal	659,570	659,570	650,060	650,060
Operations and maintenance	3,012,353	3,012,353	2,960,035	2,960,035
Central	302,449	302,449	243,257	243,257
Operation of non-instructional services				
Other non-instructional services	202,530	1,995	200,922	(9,367)
Food service operations	772,686	127,660	795,636	131,972
Extracurricular activities	221,372	221,372	161,645	161,645
Interest and fiscal charges	<u>2,650,324</u>	<u>2,650,324</u>	<u>2,723,721</u>	<u>2,723,721</u>
<b>Total expenses</b>	<u>\$ 33,617,696</u>	<u>\$ 25,027,398</u>	<u>\$ 33,286,947</u>	<u>\$ 25,364,305</u>

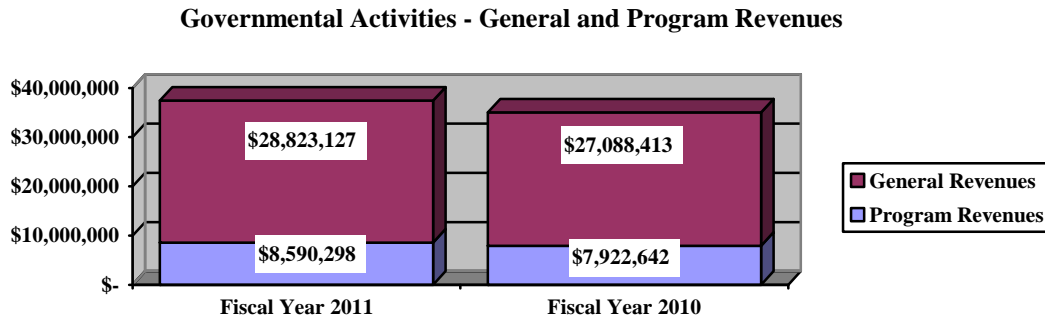
The dependence upon taxes and other general revenues for governmental activities is apparent, for all governmental activities, general revenue support is 74.45%. The Career Center's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for Career Center's students.

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Several programs, however, receive significant contributions from program revenues. For instance, 34.44% 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 2011 and 2010.



**The Career Center's Funds**

The Career Center restated fund balance at June 30, 2010 due to the implementation of GASB Statement No. 54, which reclassifies some funds of the Career Center (See Note 3.B). The Career Center's governmental funds (as presented on the balance sheet on pages 15) reported a combined fund balance of \$23,395,617, which is higher than last year's total of \$19,121,668. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase (Decrease)
General	\$ 6,888,087	\$ 4,138,501	\$ 2,749,586
Bond retirement	4,198,312	4,206,638	(8,326)
Permanent improvement	12,112,875	10,742,525	1,370,350
Other Governmental	196,343	34,004	162,339
<b>Total</b>	<u>\$ 23,395,617</u>	<u>\$ 19,121,668</u>	<u>\$ 4,273,949</u>

The fund balance of the Career Center's other governmental funds increased \$162,339 during fiscal year 2011 as a result of increases of \$68,205 and \$90,685 in the adult education and vocational education funds respectively.

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

***General Fund***

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

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 11,178,112	\$ 10,414,754	7.33 %
Tuition	6,558	12,575	(47.85) %
Earnings on investments	220,700	23,595	835.37 %
Intergovernmental	16,397,043	16,069,627	2.04 %
Other revenues	<u>831,658</u>	<u>436,542</u>	90.51 %
 Total	 <u>\$ 28,634,071</u>	 <u>\$ 26,957,093</u>	 6.22 %
<b><u>Expenditures</u></b>			
Instruction	\$ 16,694,266	\$ 16,431,181	1.60 %
Support services	8,730,191	8,918,795	(2.11) %
Other non-instructional services	202,530	200,922	0.80 %
Extracurricular activities	221,372	178,510	24.01 %
Capital outlay	-	10,667	(100.00) %
Debt service	<u>36,126</u>	<u>34,082</u>	6.00 %
 Total	 <u>\$ 25,884,485</u>	 <u>\$ 25,774,157</u>	 0.43 %

The general fund balance increased by \$2,746,445 during fiscal year 2011. The Career Center's general fund still sees a continuation of overall revenues being more than expenditures. Tax revenue increased 7.30% when compared to the prior fiscal year. Property tax revenue increased due to the amount available as an advance at June 30, 2011, which was \$547,387 higher than in 2010. Intergovernmental revenue increased 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. The increase in earnings on investments is due to the Career Center having more money invested when compared to the prior fiscal year. Other revenues increased due to an increase in the fair market value of investments..

Overall expenditures increased by 0.43%, during fiscal year 2011. 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 2011. Instructional services increased only 1.60% as a result of tight control over costs. The decrease in support services resulted from the hiring of additional staff in 2010 due to an increase in over 100 additional students over the previous year.

***Bond Retirement Fund***

During fiscal year 2011, the bond retirement fund made principal and interest payments of \$1,395,000 and \$2,617,931, respectively. The debt payments were funded by transfers from the permanent improvement fund.



**PENTA CAREER CENTER  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

***Permanent Improvement Fund***

The 12.76% 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 2011. The permanent improvement fund transferred out \$3,999,916 to the debt service fund for payments on the certificates of participation, and carried over \$1,370,350 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 49-51.

During the course of fiscal year 2011, the Career Center amended its general fund budget several times. For the general fund, original and final budgeted revenues and other financing sources were \$27,233,678 and \$27,192,072, respectively. Actual revenues and other financing sources for fiscal year 2011 were \$27,151,370. This represents a \$40,702 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$27,709,690 were left the same in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$25,985,241, which was \$1,724,449 less than the final budget appropriations.

**Capital Assets**

At the end of fiscal 2011, the Career Center had \$89,746,327 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 2011 balances compared to 2010:

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

	Governmental Activities	
	2011	2010
Land	\$ 7,150,778	\$ 7,150,778
Land improvements	2,119,104	2,293,945
Building and building improvements	77,111,228	79,149,333
Furniture and equipment	3,211,486	3,306,454
Vehicles	153,731	194,939
Total	\$ 89,746,327	\$ 92,095,449

The overall decrease in capital assets of \$2,349,122 occurred as a result of the completion of the construction of the new building in 2010 and the resulting depreciation associated with the building. Total additions to capital assets for 2011 were \$334,275 and depreciation expense was \$2,683,397.

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, 2011

***Debt Administration***

At June 30, 2011 and June 30, 2010, the Career Center had the following debt obligations outstanding:

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Land acquisition bonds	\$ 425,000	\$ 830,000
Certificates of participation	56,165,000	57,560,000
Capital lease obligation	<u>43,589</u>	<u>76,041</u>
Total	<u>\$ 56,633,589</u>	<u>\$ 58,466,041</u>

At June 30, 2011 the District's overall legal debt margin was \$519,895,790 with an unvoted debt margin of \$5,734,694.

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

**Current Related Financial Activities**

Since career technical education funding was not included in the Evidence Based Model, career-technical education received a .75% increase in state foundation monies in fiscal year 2010 and fiscal year 2011. Funding for Ohio Schools was changed from Average Daily Membership (ADM) to the Evidence Based Model in fiscal year 2011. The Evidence Based Model was eliminated in 2011 and most school district funding will be based on a bridge formula for fiscal year 2012 that was put in place for one year while a new funding model was developed. Career technical education has been flat funded in fiscal year 2012 and a new funding model is expected to be implemented in July 2012.

**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.

**BASIC  
FINANCIAL STATEMENTS**

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 24,425,729
Receivables:	
Property taxes . . . . .	16,157,105
Payment in lieu of taxes . . . . .	227,119
Accounts. . . . .	7,824
Intergovernmental . . . . .	139,191
Accrued interest . . . . .	46,600
Prepayments . . . . .	61,735
Inventory held for resale . . . . .	6,277
Materials and supplies inventory. . . . .	3,961
Unamortized issuance costs on certificates of participation . . . . .	1,440,813
Capital assets:	
Land and construction in progress. . . . .	7,150,778
Depreciable capital assets, net. . . . .	82,595,549
Capital assets, net. . . . .	<u>89,746,327</u>
Total assets. . . . .	<u>132,262,681</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	193,917
Accrued wages and benefits . . . . .	2,625,509
Matured compensated absences payable . . . . .	225,881
Intergovernmental payable . . . . .	489,595
Accrued interest payable . . . . .	631,658
Unearned revenue . . . . .	13,403,536
Long-term liabilities:	
Due within one year. . . . .	2,312,744
Due in more than one year. . . . .	58,021,503
Total liabilities . . . . .	<u>77,904,343</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	32,328,263
Restricted for:	
Capital projects . . . . .	12,290,590
Debt service. . . . .	3,566,654
State funded programs. . . . .	800
Federally funded programs . . . . .	59,220
Other purposes . . . . .	146,175
Unrestricted . . . . .	<u>5,966,636</u>
Total net assets . . . . .	<u>\$ 54,358,338</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>			
Instruction:			
Special . . . . .	\$ 951,406	\$ -	\$ 822,532
Vocational . . . . .	16,715,584	64,871	4,269,386
Adult/continuing . . . . .	1,024,596	320,685	606,698
Other . . . . .	530,276	-	535,453
Support services:			
Pupil . . . . .	2,805,480	18,028	463,205
Instructional staff . . . . .	2,523,136	-	363,777
Board of education . . . . .	58,377	-	-
Administration . . . . .	1,187,557	136,746	143,356
Fiscal . . . . .	659,570	-	-
Operations and maintenance . . . . .	3,012,353	-	-
Central . . . . .	302,449	-	-
Other non-instructional services . . . . .	202,530	199,390	1,145
Food service operations . . . . .	772,686	352,641	292,385
Extracurricular activities . . . . .	221,372	-	-
Interest and fiscal charges . . . . .	2,650,324	-	-
Totals . . . . .	<u>\$ 33,617,696</u>	<u>\$ 1,092,361</u>	<u>\$ 7,497,937</u>
			<u>(25,027,398)</u>
		<b>General Revenues:</b>	
		Property taxes levied for:	
		General purposes . . . . .	11,228,066
		Capital outlay . . . . .	4,800,910
		Payments in lieu of taxes . . . . .	251,530
		Grants and entitlements not restricted to specific programs . . . . .	11,985,200
		Investment earnings . . . . .	294,688
		Increase in investments . . . . .	254,167
		Miscellaneous . . . . .	8,566
		Total general revenues . . . . .	28,823,127
		Change in net assets . . . . .	3,795,729
		<b>Net assets at beginning of year . . . . .</b>	<b>50,562,609</b>
		<b>Net assets at end of year . . . . .</b>	<b>\$ 54,358,338</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 8,383,006	\$ 4,197,283	\$ 11,401,535	\$ 443,905	\$ 24,425,729
Receivables:					
Property taxes. . . . .	11,360,135	-	4,796,970	-	16,157,105
Payment in lieu of taxes . . . . .	227,119	-	-	-	227,119
Accounts . . . . .	3,528	-	-	4,296	7,824
Intergovernmental. . . . .	-	-	-	139,191	139,191
Accrued interest . . . . .	45,571	1,029	-	-	46,600
Interfund loans . . . . .	139,683	-	-	-	139,683
Prepayments. . . . .	52,541	-	-	9,194	61,735
Inventory held for resale. . . . .	-	-	-	6,277	6,277
Materials and supplies inventory. . . . .	-	-	-	3,961	3,961
Total assets . . . . .	<u>\$ 20,211,583</u>	<u>\$ 4,198,312</u>	<u>\$ 16,198,505</u>	<u>\$ 606,824</u>	<u>\$ 41,215,224</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 179,712	\$ -	\$ -	\$ 14,205	\$ 193,917
Accrued wages and benefits. . . . .	2,550,873	-	-	74,636	2,625,509
Matured compensated absences payable . . . . .	225,881	-	-	-	225,881
Intergovernmental payable . . . . .	446,829	-	-	42,766	489,595
Interfund loans payable. . . . .	-	-	-	139,683	139,683
Deferred revenue . . . . .	424,580	-	177,715	139,191	741,486
Unearned revenue. . . . .	9,495,621	-	3,907,915	-	13,403,536
Total liabilities. . . . .	<u>13,323,496</u>	<u>-</u>	<u>4,085,630</u>	<u>410,481</u>	<u>17,819,607</u>
<b>Fund Balances:</b>					
Nonspendable:					
Materials and supplies inventory. . . . .	-	-	-	10,238	10,238
Prepays. . . . .	52,541	-	-	9,194	61,735
Restricted:					
Debt service . . . . .	-	4,198,312	-	-	4,198,312
Capital improvements . . . . .	-	-	12,112,875	-	12,112,875
Adult education . . . . .	-	-	-	223,390	223,390
Food service operations . . . . .	-	-	-	29,158	29,158
Other purposes. . . . .	-	-	-	400	400
Committed:					
Education foundation . . . . .	2,145,388	-	-	-	2,145,388
Assigned:					
Student instruction . . . . .	111,305	-	-	-	111,305
Student and staff support. . . . .	103,779	-	-	-	103,779
Extracurricular activities . . . . .	3,165	-	-	-	3,165
Other purposes . . . . .	262,403	-	-	-	262,403
Unassigned (deficit). . . . .	4,209,506	-	-	(76,037)	4,133,469
Total fund balances . . . . .	<u>6,888,087</u>	<u>4,198,312</u>	<u>12,112,875</u>	<u>196,343</u>	<u>23,395,617</u>
Total liabilities and fund balances . . . . .	<u>\$ 20,211,583</u>	<u>\$ 4,198,312</u>	<u>\$ 16,198,505</u>	<u>\$ 606,824</u>	<u>\$ 41,215,224</u>

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, 2011

<b>Total governmental fund balances</b>		\$ 23,395,617
<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.		89,746,327
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 588,073	
Intergovernmental receivable	139,191	
Accrued interest receivable	14,222	
Total	741,486	
Unamortized issuance costs on certificates of participation are not recognized in the funds.		1,440,813
Unamortized premiums on certificates of participation are not recognized in the funds.		(784,475)
Accrued interest payable is not due and payable within the current period and therefore is not reported in the funds.		(631,658)
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(2,916,183)	
General obligation bonds payable	(425,000)	
Certificates of participation payable	(56,165,000)	
Capital lease obligation	(43,589)	
Total	(59,549,772)	
<b>Net assets of governmental activities</b>		<b>\$ 54,358,338</b>

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, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 11,178,112	\$ -	\$ 4,781,861	\$ -	\$ 15,959,973
Payment in lieu of taxes . . . . .	251,530	-	-	-	251,530
Tuition. . . . .	6,558	-	-	398,146	404,704
Charges for services . . . . .	-	-	-	352,641	352,641
Contract services. . . . .	304,084	-	-	200	304,284
Earnings on investments . . . . .	220,700	4,689	86,684	-	312,073
Increase in FMV of investments . . . . .	254,167	-	-	-	254,167
Extracurricular. . . . .	12,166	-	-	-	12,166
Classroom materials and fees . . . . .	-	-	-	18,626	18,626
Rental income . . . . .	1,000	-	-	-	1,000
Contributions and donations . . . . .	1,145	-	-	-	1,145
Other local revenues . . . . .	7,566	-	-	277	7,843
Intergovernmental - state . . . . .	16,397,043	-	1,049,508	606,424	18,052,975
Intergovernmental - federal . . . . .	-	-	-	1,370,443	1,370,443
Total revenues . . . . .	<u>28,634,071</u>	<u>4,689</u>	<u>5,918,053</u>	<u>2,746,757</u>	<u>37,303,570</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Special . . . . .	836,675	-	-	-	836,675
Vocational . . . . .	15,249,650	-	43,400	12,225	15,305,275
Adult/continuing . . . . .	48,188	-	-	952,640	1,000,828
Other . . . . .	559,753	-	-	-	559,753
Support services:					
Pupil . . . . .	2,381,759	-	-	386,122	2,767,881
Instructional staff . . . . .	2,038,043	-	-	317,107	2,355,150
Board of education . . . . .	45,138	-	-	-	45,138
Administration . . . . .	844,276	-	-	272,168	1,116,444
Fiscal . . . . .	584,756	-	71,149	-	655,905
Operations and maintenance . . . . .	2,534,293	-	-	-	2,534,293
Central . . . . .	301,926	-	-	-	301,926
Other non-instructional services . . . . .	202,530	-	-	-	202,530
Food service operations . . . . .	-	-	-	644,156	644,156
Extracurricular activities . . . . .	221,372	-	-	-	221,372
Debt service:					
Principal retirement. . . . .	32,452	1,395,000	405,000	-	1,832,452
Interest and fiscal charges. . . . .	3,674	2,617,931	28,238	-	2,649,843
Total expenditures . . . . .	<u>25,884,485</u>	<u>4,012,931</u>	<u>547,787</u>	<u>2,584,418</u>	<u>33,029,621</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>2,749,586</u>	<u>(4,008,242)</u>	<u>5,370,266</u>	<u>162,339</u>	<u>4,273,949</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	3,999,916	-	-	3,999,916
Transfers (out) . . . . .	-	-	(3,999,916)	-	(3,999,916)
Total other financing sources (uses) . . . . .	<u>-</u>	<u>3,999,916</u>	<u>(3,999,916)</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	2,749,586	(8,326)	1,370,350	162,339	4,273,949
<b>Fund balances at beginning of year (restated).</b>	4,138,501	4,206,638	10,742,525	34,004	19,121,668
<b>Fund balances at end of year. . . . .</b>	<u>\$ 6,888,087</u>	<u>\$ 4,198,312</u>	<u>\$ 12,112,875</u>	<u>\$ 196,343</u>	<u>\$ 23,395,617</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, 2011

**Net change in fund balances - total governmental funds** \$ 4,273,949

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

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

Capital asset additions	\$	334,275	
Current year depreciation		(2,683,397)	
Total			(2,349,122)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,832,452

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

Taxes		69,003	
Intergovernmental revenue		58,237	
Accrued interest		(17,385)	
Total			109,855

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		16,103	
Amortization of premium		19,823	
Amortization of issuance costs		(36,407)	
Total			(481)

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. (70,924)

**Change in net assets of governmental activities** \$ 3,795,729

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 7,886	\$ 17,346
Total assets. . . . .	7,886	\$ 17,346
<b>Liabilities:</b>		
Accounts payable. . . . .	1,200	\$ -
Due to students. . . . .	-	17,346
Total liabilities . . . . .	1,200	\$ 17,346
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	6,686	
Total net assets . . . . .	\$ 6,686	

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, 2011

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 11,713
Total additions. . . . .	11,713
 <b>Deductions:</b>	
Scholarships awarded . . . . .	9,834
 Change in net assets. . . . .	1,879
 <b>Net assets at beginning of year . . . . .</b>	<b>4,807</b>
 <b>Net assets at end of year. . . . .</b>	<b>\$ 6,686</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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 97 classified employees, 221 certified teaching personnel and 22 administrative employees who provide services to 1,996 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) guidance 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, 2011

**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 2011, the Career Center paid \$8,609 to NWOCA for various services. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, 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, 22-900 State Route 34, 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, 2011

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

Workers' Compensation Group Rating Plan

The Career Center participates in a group rating plan administered by Sheakley Uniservice, Inc for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The Career Center pays a fee to the GRP to cover the costs of administering the program. The Career Center paid \$2,187 in fees during fiscal year 2011.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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 and report all financial resources not accounted for and reported 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.

Other governmental funds of the Career Center are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes.

*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.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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, 2011, but which were levied to finance fiscal year 2012 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, 2011, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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”.

During fiscal year 2011, the Career Center’s investments included nonnegotiable certificates of deposit, federal agency securities, commercial paper, 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, 2011.

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 2011 was \$220,700, which includes \$100,495 assigned from other Career Center funds.

Investments of the Career Center’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months 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, 2011, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**J. Unamortized Issuance Costs**

On government-wide financial statements, issuance costs on certificates of participation 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.

**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, 2011

**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, 2011

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

**Q. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Career Center Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Career Center Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Career Center applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**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 2011, the Career Center has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Career Center.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Fund Reclassification**

A fund reclassification is required in order to report funds in accordance with GASB Statement No 54. The fund reclassification had the following effect on the Career Center's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 2,610,822	\$ 4,206,638	\$ 10,742,525	\$ 1,561,683	\$ 19,121,668
Fund reclassification:					
Education foundation	<u>1,527,679</u>	-	-	<u>(1,527,679)</u>	-
Restated fund balance at July 1, 2010	<u>\$ 4,138,501</u>	<u>\$ 4,206,638</u>	<u>\$ 10,742,525</u>	<u>\$ 34,004</u>	<u>\$ 19,121,668</u>

The fund reclassification did not have an effect on net assets as previously reported.

**C. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
ABLE	\$ 45,100
Tech preparation	21,720
Improving teacher quality	23

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  
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**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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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, 2011, the carrying amount of all Career Center deposits was \$16,140,564. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, \$7,132,318 of the Career Center’s bank balance of \$16,519,318 was exposed to custodial risk as discussed below, while \$9,387,000 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, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2011, the Career Center had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>19 to 24 months</u>
Repurchase agreements	\$ 458,403	\$ 458,403	\$ -
Federal Farm Credit Bank	1,501,740	-	1,501,740
Commercial paper	4,193,842	4,193,842	-
STAR Ohio	6,574	6,574	-
U.S. Government money market	51,806	51,806	-
Mutual funds	<u>2,097,028</u>	<u>2,097,028</u>	<u>-</u>
Total	<u>\$ 8,309,393</u>	<u>\$ 6,807,653</u>	<u>\$ 1,501,740</u>

*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 Farm Credit Bank 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 33 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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, 2011:

<u>Investment type</u>	<u>Fair value</u>	<u>% to total</u>
Repurchase agreements	\$ 458,403	5.52
Federal Farm Credit Bank	1,501,740	18.07
Commercial paper	4,193,842	50.47
STAR Ohio	6,574	0.08
U.S. Government money market	51,806	0.62
Mutual funds	<u>2,097,028</u>	<u>25.24</u>
Total	<u>\$ 8,309,393</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, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 16,140,564
Investments	8,309,393
Cash on hand	<u>1,004</u>
Total	<u>\$ 24,450,961</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 24,425,729
Private-purpose trust funds	7,886
Agency funds	<u>17,346</u>
Total	<u>\$ 24,450,961</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** At June 30, 2011, the general fund had a short-term interfund receivable, in the amount of \$139,683, from other governmental funds as a result of providing cash flow resources until the receipt of grant monies.

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

- B.** During fiscal year 2011, the permanent improvement capital projects fund made transfers to the bond retirement fund, in the amount of \$3,999,916, to pay principal and interest on the certificates of participation.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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 the Career Center's fiscal year ended June 30, 2011 (other than public utility property) generally 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 were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

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, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$1,678,134 in the general fund and \$709,985 in the permanent improvement capital projects fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$1,133,888 in the general fund and \$494,752 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 delinquent tangible personal property taxes which are measurable as of June 30, 2011 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES**

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 5,530,252,550	96.44	\$ 5,533,105,850	96.48
Public utility personal	204,052,130	3.56	201,588,350	3.52
Tangible personal property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 5,734,304,680</u>	<u>100.00</u>	<u>\$ 5,734,694,200</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 \$251,530 in payments in lieu of taxes during fiscal year 2011 and a receivable of \$227,119 has been reported on the statement of net assets.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2011 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - RECEIVABLES - (Continued)**

A summary of the principal items of intergovernmental receivable follows:

<b>Governmental activities:</b>	<u>Amount</u>
Other nonmajor governmental funds:	
Vocational education	\$ 400
ABLE	116,514
Technology preparation	22,254
Improving teacher education	<u>23</u>
Total intergovernmental receivables	<u>\$ 139,191</u>

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/11</u>
<b>Governmental activities:</b>				
<i>Nondepreciable capital assets:</i>				
Land	\$ 7,150,778	\$ -	\$ -	\$ 7,150,778
Total nondepreciable capital assets	<u>7,150,778</u>	<u>-</u>	<u>-</u>	<u>7,150,778</u>
<i>Depreciable capital assets:</i>				
Land improvements	2,657,497	-	-	2,657,497
Buildings and building improvements	83,113,766	43,400	-	83,157,166
Furniture, fixtures and equipment	5,336,364	290,875	-	5,627,239
Vehicles	<u>1,058,242</u>	<u>-</u>	<u>-</u>	<u>1,058,242</u>
Total depreciable capital assets	<u>92,165,869</u>	<u>334,275</u>	<u>-</u>	<u>92,500,144</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(363,552)	(174,841)	-	(538,393)
Buildings and building improvements	(3,964,433)	(2,081,505)	-	(6,045,938)
Furniture, fixtures and equipment	(2,029,910)	(385,843)	-	(2,415,753)
Vehicles	<u>(863,303)</u>	<u>(41,208)</u>	<u>-</u>	<u>(904,511)</u>
Total accumulated depreciation	<u>(7,221,198)</u>	<u>(2,683,397)</u>	<u>-</u>	<u>(9,904,595)</u>
Depreciable capital assets, net	<u>84,944,671</u>	<u>(2,349,122)</u>	<u>-</u>	<u>82,595,549</u>
Governmental activities capital assets, net	<u>\$ 92,095,449</u>	<u>\$ (2,349,122)</u>	<u>\$ -</u>	<u>\$ 89,746,327</u>

**PENTA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Special	\$ 99,191
Vocational	1,696,428
Adult/continuing	19,681
 <u>Support services:</u>	
Pupil	36,528
Instructional staff	160,136
Board of education	13,239
Administration	52,191
Fiscal	7,357
Operations and maintenance	474,494
Food service operations	<u>124,152</u>
 Total depreciation expense	 <u>\$ 2,683,397</u>

**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	<u>(46,612)</u>
 <i>Total capital assets, being depreciated, net</i>	 <u>\$ 84,596</u>



**PENTA CAREER CENTER  
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**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE – (Continued)**

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, 2011.

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2012	\$ 36,126
2013	5,509
2014	2,726
2015	<u>2,045</u>
	46,406
Less: amount representing interest	<u>(2,817)</u>
Present value of minimum lease payments	<u><u>\$ 43,589</u></u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

The Career Center's long-term obligations during the year 2011 were as follows:

	<u>Balance 06/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/11</u>	<u>Amounts due in one year</u>
<b>Governmental activities:</b>					
2002 Land acquisition bonds					
2.5 - 5.25%	\$ 830,000	\$ -	\$ (405,000)	\$ 425,000	\$ 425,000
2004 Certificates of participation					
1.4 - 5%	57,560,000	-	(1,395,000)	56,165,000	1,455,000
Premium on certificates					
of participation	804,298	-	(19,823)	784,475	-
Capital lease obligation	76,041	-	(32,452)	43,589	34,290
Compensated absences payable	<u>2,845,259</u>	<u>424,474</u>	<u>(353,550)</u>	<u>2,916,183</u>	<u>398,454</u>
<b>Total governmental activities</b>					
long-term obligations	<u><u>\$ 62,115,598</u></u>	<u><u>\$ 424,474</u></u>	<u><u>\$ (2,205,825)</u></u>	<u><u>\$ 60,334,247</u></u>	<u><u>\$ 2,312,744</u></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.

**PENTA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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.

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

The Career Center's overall debt margin was \$519,895,790 with an unvoted debt margin of \$5,734,694 at June 30, 2011.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2011, were as follows:

Fiscal Year Ending	Land Acquisition Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
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	-	-	-	1,685,000	2,328,000	4,013,000
2017 - 2021	-	-	-	9,720,000	10,348,137	20,068,137
2022 - 2026	-	-	-	12,225,000	7,850,900	20,075,900
2027 - 2031	-	-	-	15,375,000	4,699,438	20,074,438
2032 - 2034	-	-	-	11,035,000	1,007,550	12,042,550
Total	<u>\$ 425,000</u>	<u>\$ 9,562</u>	<u>\$ 434,562</u>	<u>\$ 56,165,000</u>	<u>\$ 36,161,194</u>	<u>\$ 92,326,194</u>

**PENTA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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.

**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 2011, the Career Center contracted for the following insurance coverage.

Coverage provided by Ohio School Plan is as follows:

Educational general liability	
Per occurrence	\$3,000,000
General aggregate	5,000,000
Employer's liability	3,000,000
Educational legal liability	
Errors and omissions	3,000,000
Aggregate	5,000,000
Violence coverage	1,000,000

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - RISK MANAGEMENT - (Continued)**

Coverage provided by the Netherlands Insurance Company is as follows:

Building	\$103,364,102
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 2011, 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.

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District 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](http://www.ohsers.org), under "*Media/Financial Reports*".

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

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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$354,712, \$476,457 and \$307,953, respectively; 92.66 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**B. State Teachers Retirement System of Ohio**

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

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

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

Funding Policy - For fiscal year 2011, 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.

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

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,874,464, \$1,832,757 and \$1,874,678, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$52,120 made by the Career Center and \$37,228 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, 2011, 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 2011 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](http://www.ohsers.org), under "*Media/Financial Reports*".

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 2011, 1.43 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 2011, the actuarially determined amount was \$35,800.

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**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

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, 2011, 2010 and 2009 were \$100,553, \$70,477 and \$151,508, respectively; 92.66 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, 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, 2011, 2010, and 2009 were \$22,826, \$28,334 and \$25,409, respectively; 92.66 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**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](http://www.strsoh.org), under "Publications" 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 2011, 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, 2011, 2010 and 2009 were \$144,190, \$140,981 and \$144,206, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**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, 2011.

**B. Litigation**

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

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 17 - SET-ASIDES**

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	333,814	333,814
Current year qualifying expenditures	(1,343,530)	(461,246)
Excess qualified expenditures from prior years	(3,342,983)	-
Current year offsets	<u>-</u>	<u>(5,614,781)</u>
Total	<u>\$ (4,352,699)</u>	<u>\$ (5,742,213)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The Career Center had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the Career Center had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

**NOTE 18 - COMMITMENTS**

The Career Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Career Center's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 222,038
Other governmental	<u>148,619</u>
Total	<u>\$ 370,657</u>



REQUIRED  
SUPPLEMENTAL  
INFORMATION

**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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 10,671,392	\$ 10,629,786	\$ 10,630,725	\$ 939
Tuition. . . . .	6,000	6,000	6,175	175
Contract services. . . . .	5,000	5,000	23,871	18,871
Earnings on investments . . . . .	50,000	50,000	51,084	1,084
Rental income . . . . .	1,000	1,000	1,000	-
Other local revenues . . . . .	8,000	8,000	7,566	(434)
Intergovernmental - State . . . . .	16,271,795	16,271,795	16,210,458	(61,337)
Total revenue . . . . .	<u>27,013,187</u>	<u>26,971,581</u>	<u>26,930,879</u>	<u>(40,702)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Special. . . . .	835,743	835,743	811,535	24,208
Vocational. . . . .	15,743,472	15,743,472	15,378,423	365,049
Other. . . . .	534,276	534,276	528,239	6,037
Support services:				
Pupil. . . . .	2,488,727	2,488,727	2,388,420	100,307
Instructional staff . . . . .	2,084,413	2,084,413	2,066,993	17,420
Board of education . . . . .	88,670	88,670	49,300	39,370
Administration. . . . .	918,658	918,658	852,416	66,242
Fiscal . . . . .	610,402	610,402	591,833	18,569
Operations and maintenance. . . . .	2,937,638	2,937,638	2,634,106	303,532
Central. . . . .	387,014	387,014	309,345	77,669
Operation of non-instructional services . . . . .	25,315	25,315	14,155	11,160
Extracurricular activities. . . . .	205,362	205,362	219,613	(14,251)
Total expenditures . . . . .	<u>26,859,690</u>	<u>26,859,690</u>	<u>25,844,378</u>	<u>1,015,312</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>153,497</u>	<u>111,891</u>	<u>1,086,501</u>	<u>974,610</u>
<b>Other financing sources (uses):</b>				
Transfers (out). . . . .	(500,000)	(500,000)	-	500,000
Advances in. . . . .	220,491	220,491	220,491	-
Advances (out) . . . . .	(150,000)	(150,000)	(140,863)	9,137
Other uses. . . . .	(200,000)	(200,000)	-	200,000
Total other financing sources (uses) . . . . .	<u>(629,509)</u>	<u>(629,509)</u>	<u>79,628</u>	<u>709,137</u>
Net change in fund balance . . . . .	(476,012)	(517,618)	1,166,129	1,683,747
<b>Fund balance at beginning of year (restated)</b>	4,191,931	4,191,931	4,191,931	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>269,525</u>	<u>269,525</u>	<u>269,525</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,985,444</u>	<u>\$ 3,943,838</u>	<u>\$ 5,627,585</u>	<u>\$ 1,683,747</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, 2011**

**NOTE 1 - BUDGETARY BASIS OF ACCOUNTING**

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).
6. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund:

	<u>General</u>
Budget basis	\$ 1,166,129
Net adjustment for revenue accruals	740,075
Net adjustment for expenditure accruals	(80,496)
Net adjustment for other sources/(uses)	(79,628)
Fund budgeted elsewhere*	672,496
Adjustment for encumbrances	<u>331,010</u>
GAAP basis	<u>\$ 2,749,586</u>

\*\*Certain funds that are legally budgeted in separate special revenue and agency funds are considered part of the general fund on a GAAP basis. This includes the rotary, other grant, and education foundation special revenue funds.

**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, 2011**

**NOTE 2 - PRIOR PERIOD ADJUSTMENT**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The Career Center has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

<b>Budgetary Basis</b>	<u>General Fund</u>
Fund balance at June 30, 2010	\$ 4,380,379
Funds budgeted elsewhere	<u>(188,448)</u>
Restated fund balance at July 1, 2010	<u>\$ 4,191,931</u>

## **SUPPLEMENTARY DATA**

**PENTA CAREER CENTER  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<i>Child Nutrition Grant Cluster:</i>				
(C) , (D) School Breakfast Program	10.553	2011	\$ 46,676	\$ 46,676
(C) , (D) National School Lunch Program - Food Donation	10.555	2011	24,508	24,508
(D) , (E) National School Lunch Program	10.555	2011	208,584	208,584
<b>Total National School Lunch Program</b>			<b>233,092</b>	<b>233,092</b>
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>			<b>279,768</b>	<b>279,768</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(F) Federal Pell Grant Program	84.063	2011	221,041	221,041
Adult Education_State Grant Program	84.002	2010	80,954	15,263
Adult Education_State Grant Program	84.002	2011	460,268	779,360
<b>Total Adult Education_State Grant Program</b>			<b>541,222</b>	<b>794,623</b>
(G) Vocational Education_Basic Grants to States (Adult)	84.048	2011	26,785	26,785
<b>Total Vocational Education_Basic Grants to States (Adult)</b>			<b>26,785</b>	<b>26,785</b>
Vocational Education_Basic Grants to States (Secondary)	84.048	2010	129,847	-
Vocational Education_Basic Grants to States (Secondary)	84.048	2011	370,362	365,652
<b>Total Vocational Education_Basic Grants to States (Secondary)</b>			<b>500,209</b>	<b>365,652</b>
Vocational Education_Basic Grants to States (Stem)	84.048	2010	-	4,124
<b>Total Vocational Education</b>			<b>526,994</b>	<b>396,561</b>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	577	-
Improving Teacher Quality State Grants	84.367	2010	1,533	-
Improving Teacher Quality State Grants	84.367	2011	15,505	15,528
<b>Total Improving Teacher Quality State Grants</b>			<b>17,038</b>	<b>15,528</b>
<b>Total U.S. Department of Education</b>			<b>1,306,872</b>	<b>1,427,753</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 1,586,640</b>	<b>\$ 1,707,521</b>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass through numbers for fiscal year 2011.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (F) This is a direct award.
- (G) Passed through the Four County Career Center.



**Julian & Grube, Inc.**  
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By *Government Auditing Standards***

Penta Career Center  
9301 Buck Road  
Perrysburg, Ohio 43551

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center, Wood County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise Penta Career Center's basic financial statements and have issued our report thereon dated November 7, 2011. We noted Penta Career Center adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Penta Career Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of Penta Career Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Penta 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of Penta Career Center's financial statements will not be prevented, or detected and timely corrected.

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 material weaknesses, as defined above.

Board of Education  
Penta Career Center

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 7, 2011





**Julian & Grube, Inc.**  
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Compliance With Requirements Applicable to Each  
Major Federal Program and on Internal Control Over Compliance  
Required By OMB Circular A-133**

Penta Career Center  
9301 Buck Road  
Perrysburg, Ohio 43551

To the Board of Education:

Compliance

We have audited the compliance of Penta Career Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies Penta Career Center's major federal programs. Penta Career Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on Penta 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about Penta Career Center's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Penta Career Center's compliance with those requirements.

In our opinion, Penta Career Center complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Penta Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Penta Career Center's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Penta Career Center's internal control over compliance.

Board of Education  
Penta Career Center

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 7, 2011

**PENTA CAREER CENTER  
WOOD COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under §.510(a)?</i>	No
(d)(1)(vii)	<i>Major Programs (listed):</i>	Vocational Education Basic Grants to States, CFDA #84.048; Federal Pell Grant, CFDA #84.063
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None



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**Independent Accountants' Report on Applying Agreed-Upon Procedure**

Penta Career Center  
Wood County  
9301 Buck Road  
Perrysburg, Ohio 43551

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school Center 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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Penta Career Center (the "Center") has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on December 8, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
November 7, 2011



# 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  
JANUARY 3, 2012**