



Dave Yost • Auditor of State

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	15
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget (Non-GAAP Basis) and Actual – General Fund	17
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget (Non-GAAP Basis) and Actual – Adult Education Programs	18
Statement of Fiduciary Net Assets	
Fiduciary Funds	19
Statement of Changes in Fiduciary Net Assets Fiduciary Funds	20
Notes to the Basic Financial Statements	21
Federal Awards Receipts and Expenditures Schedule.....	46
Notes to the Federal Awards Receipts and Expenditures Schedule	47
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	51
Schedule of Findings.....	53
Schedule of Prior Audit Findings.....	54
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	55

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INDEPENDENT ACCOUNTANTS' REPORT

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, OH 44685

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 Portage Lakes Career Center, Summit County, Ohio, (the Center) as of and for the year ended June 30, 2011, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Portage Lakes Career Center, Summit County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2011 the 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 March 2, 2012, on our consideration of the 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, 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 the Center's basic financial statements taken as a whole. The federal awards receipts and expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditure schedule 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.



Dave Yost
Auditor of State

March 2, 2012

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The discussion and analysis of the Portage Lakes Career Center's (the Career Center's) 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 performance as a whole; readers should also review the notes to the basic financial statements and 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 \$419,079, which represents a 2.77 percent increase from 2010.
- General Revenues accounted for \$5,993,771 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants, interest and contributions accounted for \$2,134,757 or 26 percent of total revenues of \$8,128,528.
- Total program expenses were \$7,709,449 in Governmental Activities.
- Capital assets increased \$130,858 over fiscal year 2010. The Career Center completed construction on the health technologies addition which opened in August 2011.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Career Center as a whole 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. Also, the fund financial statements highlight the Career Center's most significant funds with all other nonmajor funds presented in total in one column. The Career Center has two major funds. They are the general fund and the adult education programs funds.

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities, excluding fiduciary funds using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

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 which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the Career Center activities are listed as Governmental:

- Governmental Activities – All of the Career Center's programs and services are reported here, including instruction, support services, operation and maintenance of plant, adult education, and extracurricular activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and adult education programs.

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

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The Career Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole.

Table 1 provides a summary of the Career Center's net assets for 2011 compared to 2010:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	2011	2010 Restated
Assets		
Current and Other Assets	\$16,227,393	\$16,303,030
Capital Assets, Net	<u>3,544,573</u>	<u>3,413,715</u>
<i>Total Assets</i>	<u>19,771,966</u>	<u>19,716,745</u>
Liabilities		
Long-Term Liabilities	796,500	763,562
Other Liabilities	<u>3,452,621</u>	<u>3,849,417</u>
<i>Total Liabilities</i>	<u>4,249,121</u>	<u>4,612,979</u>
Net Assets		
Invested in Capital Assets, Net of Debt	3,277,904	3,113,713
Restricted	1,387,156	1,560,027
Unrestricted	<u>10,857,785</u>	<u>10,430,026</u>
<i>Total Net Assets</i>	<u>\$15,522,845</u>	<u>\$15,103,766</u>

Total net assets increased by \$419,079. Capital assets increased \$130,858 over fiscal year 2010 with the conclusion of the health technologies addition. Current liabilities decreased \$396,796 over fiscal year 2010, which reported \$331,515 in contracts payable related to the health technologies project completed during fiscal year 2011.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Table 2 shows the changes in net assets for fiscal year 2011 and 2010.

Table 2
Changes in Net Assets

	Governmental Activities	
	2011	2010 *
Revenues		
Program Revenues:		
Charges for Services	\$ 1,411,826	\$ 1,364,430
Operating Grants	722,931	758,423
General Revenues:		
Property Taxes	2,998,026	2,937,007
Grants and Entitlements	2,928,721	2,873,092
Other	67,024	326,448
<i>Total Revenues</i>	8,128,528	8,259,400
Program Expenses		
Instructional	5,662,240	5,740,078
Support Services	2,033,676	2,119,795
Extracurricular Activities	13,533	13,767
<i>Total Expenses</i>	7,709,449	7,873,640
<i>Change in Net Assets</i>	\$ 419,079	\$ 385,760

*Fiscal year 2010 was not restated for the change in fund structure noted in Note 3. These activities are deemed insignificant and would not impact the entity-wide analysis.

The governmental activities are supported mostly by general revenues which amounted to \$5,993,771 or 74 percent of total revenues in fiscal year 2011. The most significant portion of the general revenues are local property taxes and grants and entitlements not restricted for specific programs. Program revenues accounted for \$2,134,757 or 26 percent of the \$8,128,528 in total revenue. Revenues decreased 2 percent from fiscal year 2010 primarily from a reduction in investment earnings. Expenses decreased minimally by 2 percent from fiscal year 2010 with instructional and support services expenses slightly decreasing \$163,957.

The Career Center has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The Career Center's revenue growth is mostly dependent upon property tax increases. Property taxes made up 37 percent of revenues for governmental activities for the Career Center in fiscal year 2011. Although the Career Center relies heavily upon local property taxes to support its operations, the Career Center does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. In fiscal year 2011, the unrestricted grants and entitlements amounted to \$2,928,721 or 36 percent of revenues.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Instructional expenses comprise 73 percent of governmental program expenses. Additional supporting services, including program expenses of pupils, instructional staff and operation and maintenance of plant, encompassed an additional 26 percent. The remaining program expenses, which account for less than 1 percent are used for other obligations of the Career Center such as extracurricular activities.

Governmental Activities

The Statement of Activities shows the cost of program services and the program revenues offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities have total revenues of \$8,128,528 and expenses of \$7,709,449 in fiscal year 2011.

Table 3
Governmental Activities

	2011		2010*	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 5,662,240	\$ 3,593,478	\$ 5,740,078	\$ 3,723,238
Support Services:				
Pupils	235,830	197,017	251,511	171,290
Instructional Staff	80,267	77,015	80,491	76,403
Board of Education	22,709	22,709	23,509	23,509
Administration	727,227	715,936	842,700	831,859
Fiscal	416,329	411,329	402,496	397,496
Operation and Maintenance	410,155	410,155	389,855	389,855
Pupil Transportation	42,646	42,646	42,284	42,284
Central	98,513	98,513	86,949	86,949
Extracurricular Activities	13,533	5,894	13,767	7,904
Total	\$ 7,709,449	\$ 5,574,692	\$ 7,873,640	\$ 5,750,787

*Fiscal year 2010 was not restated for the change in fund structure noted in Note 3. These activities are deemed insignificant and would not impact the entity-wide analysis.

The dependence upon the general revenues for governmental activities is apparent. Over 72 percent of expenses are not supported by program specific revenues. General revenues, primarily local property taxes and operating grants are used to provide program services. The community, as a whole, is by far the primary supporter for the Career Center's students.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The Career Center's Funds

As of the end of the current fiscal year, the Career Center's governmental funds reported combined ending fund balances of \$12,711,872 an increase of \$337,096 from 2010. The general fund had an increase of \$501,559 from 2010 which can be attributed to a large decrease in construction costs due to the completion of the Career Center's construction of the health technologies addition. The adult education programs fund decreased \$164,462 as operational costs increased without a corresponding increase in revenues.

Since the Career Center is a joint vocational school, it would be nearly impossible to pass a new tax levy. The Career Center is made up of 4 local school districts that would each have to pass a tax request by a majority vote for Portage Lakes Career Center to receive additional money. These 4 districts have a history of having a low passage rate for new levies. Therefore, the Career Center actively seeks ways to spend a considerable amount less than we receive in order to stay solvent in the event that the state foundation guarantee program is eliminated.

Budgeting Highlights

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

During the course of fiscal year 2011, there were minor changes to the Career Center's total general fund budget. The Career Center uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual revenue excluding other financing sources of \$6,805,765 was \$502,418 under original and \$461,531 under final budgeted revenues. There was expected to be additional tuition and investment income which was not received by year end. The final appropriations, excluding other financing uses, were equal to original appropriations and \$1,002,202 over actual expenditures. Instructional and capital outlay expenditures were less than expected. The Career Center's general fund expenditures, excluding other financing sources and uses, exceeded revenues by \$126,654.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011 the Career Center had \$3,544,573 invested in land, land improvements, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared with 2010 net of depreciation.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2011	2010
Land	\$ 195,190	\$ 195,190
Construction in Progress	0	1,954,469
Land Improvements	3,858	4,451
Buildings	2,827,070	862,557
Furniture and Equipment	452,093	366,073
Vehicles	66,362	30,975
	<hr/>	<hr/>
Totals	<u>\$ 3,544,573</u>	<u>\$ 3,413,715</u>

During fiscal year 2011, acquisitions of \$359,378 exceeded depreciation of \$220,779 resulting in an increase in capital assets over fiscal year 2010. The health technologies addition was completed and the Career Center purchased some equipment. See Note 7 to the basic financial statements for detail on governmental activities capital assets.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Debt

At June 30, 2011 the Career Center had an improvement loan totaling \$266,669 with \$33,333 due within one year. Table 5 summarizes the Career Center's outstanding debt.

(Table 5)
Outstanding Debt at June 30

	<u>2011</u>	<u>2010</u>
Loans Payable:		
Vocation School Building Assistance	\$ 266,669	\$ 300,002

See Note 13 to the basic financial statements for detail on governmental activities outstanding debt.

Current Issues

Portage Lakes Career Center receives approximately 47% of its revenue from the Ohio Department of Education in the General Fund (this includes select tax reimbursement line items, as well as basic Foundation Aide). The Career Center receives additional revenue for being on the state guarantee. In fiscal year 2011, the revenue related to the guarantee was \$928,480. The Career Center also receives a significant amount of revenue in open enrollment from the four districts served. In fiscal year 2011, the open enrollment amount totaled \$474,019. Full-time enrollment has remained steady for the past several years, while the number of total students served has increased as a result of expanded satellite programs.

The Career Center, in turn, relies on its local property taxpayers for the four districts served. The only operating levy was passed in 1983, for 4.35 mills, on a continuing basis. The effective rate of that levy, relative to Class #1 and Class #2 real estate, is the statutory minimum of 2 mills. There are no new proposed levies for the forecast period, and it is the intent of current management to continue to operate the Center in a manner which is responsible and sustainable, resulting in no additional sacrifices being necessary from taxpayers.

The five-year forecast projects positive carryover balances in the general fund for the next five years. This is contingent on the state guarantee remaining in place.

The Career Center's systems of budgeting and internal controls are well regarded. The Career Center's healthy financial reserves will help the Center continue to serve its mission, despite the continued deterioration of regional, state, national and international economic health. The Career Center's focus on sustainability has resulted in the Center maintaining solid finances, while also improving facilities and overall academic achievement.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Christopher M. Wright, Treasurer/CFO at Portage Lakes Career Center, 4401 Shriver Road, Uniontown, Ohio 44685 or CWright@plcc.edu.

Portage Lakes Career Center
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 13,157,066
Receivables:	
Taxes	3,042,607
Accounts	1,734
Interest Receivable	25,986
Nondepreciable Capital Assets	195,190
Depreciable Capital Assets (Net)	3,349,383
 <i>Total Assets</i>	 19,771,966
Liabilities	
Accounts Payable	32,311
Contracts Payable	16,868
Accrued Wages and Benefits	531,098
Intergovernmental Payable	106,741
Vacation Benefits Payable	40,119
Deferred Revenue	2,562,847
Matured Compensated Absences	162,637
Long Term Liabilities:	
Due Within One Year	105,539
Due In More Than One Year	690,961
 <i>Total Liabilities</i>	 4,249,121
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,277,904
Restricted for:	
Other Purposes	1,387,156
Unrestricted	10,857,785
 <i>Total Net Assets</i>	 \$ 15,522,845

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 408,246	\$ 0	\$ 0	\$ (408,246)
Special	309,871	0	0	(309,871)
Vocational	3,747,557	531,683	517,495	(2,698,379)
Adult/Continuing	1,194,058	872,504	147,080	(174,474)
Other	2,508	0	0	(2,508)
Support Services:				
Pupils	235,830	0	38,813	(197,017)
Instructional Staff	80,267	0	3,252	(77,015)
Board of Education	22,709	0	0	(22,709)
Administration	727,227	0	11,291	(715,936)
Fiscal	416,329	0	5,000	(411,329)
Operation and Maintenance of Plant	410,155	0	0	(410,155)
Pupil Transportation	42,646	0	0	(42,646)
Central	98,513	0	0	(98,513)
Extracurricular Activities	13,533	7,639	0	(5,894)
<i>Total Governmental Activities</i>	<u>\$ 7,709,449</u>	<u>\$ 1,411,826</u>	<u>\$ 722,931</u>	<u>(5,574,692)</u>

General Revenues

Property Taxes Levied for:

General Purposes	2,998,026
Grants and Entitlements not Restricted to Specific Programs	2,928,721
Investment Earnings	33,861
Miscellaneous	33,163
	<u>33,163</u>

Total General Revenues 5,993,771

Change in Net Assets 419,079

Net Assets Beginning of Year (Restated, See Note 3) 15,103,766

Net Assets End of Year \$ 15,522,845

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Balance Sheet
Governmental Funds
June 30, 2011

	General	Adult Education Programs	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 11,637,408	\$ 1,480,936	\$ 15	\$ 13,118,359
Restricted Cash	38,707	0	0	38,707
Receivables:				
Taxes	3,042,607	0	0	3,042,607
Accounts	0	1,734	0	1,734
Interest	25,986	0	0	25,986
<i>Total Assets</i>	<u>\$ 14,744,708</u>	<u>\$ 1,482,670</u>	<u>\$ 15</u>	<u>\$ 16,227,393</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 15,971	\$ 16,340	\$ 0	\$ 32,311
Accrued Wages and Benefits	501,806	29,292	0	531,098
Contracts Payable	16,868	0	0	16,868
Intergovernmental Payable	97,907	8,834	0	106,741
Deferred Revenue	2,665,866	0	0	2,665,866
Matured Compensated Absences	162,637	0	0	162,637
<i>Total Liabilities</i>	3,461,055	54,466	0	3,515,521
Fund Balances				
Restricted	38,707	1,428,204	15	1,466,926
Committed	11,000	0	0	11,000
Assigned	371,781	0	0	371,781
Unassigned	10,862,165	0	0	10,862,165
<i>Total Fund Balances</i>	<u>11,283,653</u>	<u>1,428,204</u>	<u>15</u>	<u>12,711,872</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 14,744,708</u>	<u>\$ 1,482,670</u>	<u>\$ 15</u>	<u>\$ 16,227,393</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2011*

Total Governmental Fund Balances	\$	12,711,872
 <i>Amounts reported for governmental activities in 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.		3,544,573
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds. Delinquent Property Taxes		103,019
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore, are not reported in the funds. Loans Payable		(266,669)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds. Vacation Benefits Payable Compensated Absences	\$ (40,119) <u>(529,831)</u>	 <u>(569,950)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$</u>	<u>15,522,845</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Adult Education Programs	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,001,087	\$ 0	\$ 0	\$ 3,001,087
Intergovernmental	3,171,455	201,187	245,475	3,618,117
Investment Income	33,861	0	0	33,861
Tuition and Fees	531,683	872,504	0	1,404,187
Extracurricular Activities	7,639	0	0	7,639
Charges for Services	33,535	0	0	33,535
Miscellaneous	25,818	7,345	0	33,163
<i>Total Revenues</i>	<u>6,805,078</u>	<u>1,081,036</u>	<u>245,475</u>	<u>8,131,589</u>
Expenditures:				
Current:				
Instruction:				
Regular	402,458	0	0	402,458
Special	304,446	0	0	304,446
Vocational	3,389,364	22,887	98,573	3,510,824
Adult/Continuing	5,093	1,192,611	88,544	1,286,248
Other	2,508	0	0	2,508
Support Services:				
Pupils	194,605	0	38,813	233,418
Instructional Staff	79,439	0	3,253	82,692
Board of Education	22,709	0	0	22,709
Administration	706,918	30,000	11,293	748,211
Fiscal	415,924	0	5,000	420,924
Operation and Maintenance of Plant	410,886	0	0	410,886
Pupil Transportation	42,646	0	0	42,646
Central	97,838	0	0	97,838
Extracurricular Activities	13,533	0	0	13,533
Capital Outlay	181,819	0	0	181,819
Debt Service:				
Principal retirement	0	0	33,333	33,333
<i>Total Expenditures</i>	<u>6,270,186</u>	<u>1,245,498</u>	<u>278,809</u>	<u>7,794,493</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	534,892	(164,462)	(33,334)	337,096
Other Financing Sources (Uses):				
Transfers In	0	0	33,333	33,333
Transfers Out	(33,333)	0	0	(33,333)
<i>Total Other Financing Sources and (Uses)</i>	<u>(33,333)</u>	<u>0</u>	<u>33,333</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	501,559	(164,462)	(1)	337,096
<i>Fund Balance Beginning of Year (Restated, See Note 3)</i>	<u>10,782,094</u>	<u>1,592,666</u>	<u>16</u>	<u>12,374,776</u>
<i>Fund Balance End of Year</i>	<u>\$ 11,283,653</u>	<u>\$ 1,428,204</u>	<u>\$ 15</u>	<u>\$ 12,711,872</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Reconciliation of the 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	\$	337,096
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Current Year Depreciation	\$ (220,779)	
Capital Asset Additions	<u>359,378</u>	138,599
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(7,741)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	<u>(3,061)</u>	(3,061)
 Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Loan Principal		33,333
 Some expenses reported in the statement of activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.		
(Increase) Decrease in Compensated Absences	(66,271)	
(Increase) Decrease in Vacation Benefits Payable	<u>(12,876)</u>	<u>(79,147)</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>419,079</u></u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 3,147,719	\$ 3,130,109	\$ 2,931,322	\$ (198,787)
Intergovernmental	3,405,579	3,386,526	3,171,455	(215,071)
Investment income	122,414	121,729	113,998	(7,731)
Tuition and fees	570,933	567,739	531,683	(36,056)
Charges for Services	36,011	35,809	33,535	(2,274)
Miscellaneous	25,527	25,384	23,772	(1,612)
<i>Total Revenues</i>	<u>7,308,183</u>	<u>7,267,296</u>	<u>6,805,765</u>	<u>(461,531)</u>
Expenditures:				
Current:				
Instruction:				
Regular	431,843	431,843	377,298	54,545
Special	356,391	356,391	311,376	45,015
Vocational	4,060,312	4,060,312	3,547,465	512,847
Adult/Continuing	6,062	6,062	5,296	766
Other	4,053	4,053	3,541	512
Support services:				
Pupils	215,678	215,678	188,436	27,242
Instructional staff	95,563	95,563	83,493	12,070
Board of education	26,306	26,306	22,983	3,323
Administration	864,812	864,812	755,580	109,232
Fiscal	476,423	476,423	416,247	60,176
Operation and maintenance of plant	507,467	507,467	443,370	64,097
Pupil transportation	57,080	57,080	49,870	7,210
Central	112,260	112,260	98,081	14,179
Extracurricular activities	3,294	3,294	2,878	416
Capital outlay	717,077	717,077	626,505	90,572
<i>Total Expenditures</i>	<u>7,934,621</u>	<u>7,934,621</u>	<u>6,932,419</u>	<u>1,002,202</u>
Excess of Revenues Over (Under) Expenditures	(626,438)	(667,325)	(126,654)	540,671
Other Financing Sources (Uses):				
Refund of prior year expenditures	439	439	0	(439)
Transfers in	1,050,328	1,050,328	0	(1,050,328)
Transfers out	(150,000)	(150,000)	(35,692)	114,308
<i>Total Other Financing Sources (Uses)</i>	<u>900,767</u>	<u>900,767</u>	<u>(35,692)</u>	<u>(936,459)</u>
<i>Net Change in Fund Balance</i>	274,329	233,442	(162,346)	(395,788)
<i>Fund Balance (Deficit) at Beginning of Year</i>	10,851,368	10,851,368	10,851,368	0
Prior Year Encumbrances Appropriated	588,000	588,000	588,000	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 11,713,697</u>	<u>\$ 11,672,810</u>	<u>\$ 11,277,022</u>	<u>\$ (395,788)</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Adult Education Programs
 For the Fiscal Year Ended June 30, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 904,550	\$ 198,144	\$ 201,187	\$ 3,043
Tuition and fees	151,645	857,598	870,770	13,172
Miscellaneous	6,780	7,234	7,345	111
<i>Total Revenues</i>	<u>1,062,975</u>	<u>1,062,976</u>	<u>1,079,302</u>	<u>16,326</u>
Expenditures:				
Current				
Instruction:				
Vocational	24,706	24,706	23,786	920
Adult/Continuing	1,403,009	1,403,009	1,350,784	52,225
Support services				
Administration	31,160	31,160	30,000	1,160
<i>Total Expenditures</i>	<u>1,458,875</u>	<u>1,458,875</u>	<u>1,404,570</u>	<u>54,305</u>
<i>Net Change in Fund Balance</i>	(395,900)	(395,899)	(325,268)	70,631
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,613,074	1,613,074	1,613,074	0
Prior Year Encumbrances Appropriated	58,875	58,875	58,875	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,276,049</u>	<u>\$ 1,276,050</u>	<u>\$ 1,346,681</u>	<u>\$ 70,631</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 0	\$ 89,600
Cash and Cash Equivalents in Segregated Accounts	28,715	0
Accounts Receivable	1,333	0
<i>Total Assets</i>	30,048	\$ 89,600
 Liabilities		
Due to Students	0	\$ 89,600
<i>Total Liabilities</i>	0	\$ 89,600
 Net Assets		
Held in Trust for Scholarships	\$ 30,048	

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
	Scholarship
Additions	
Gifts and Contributions	\$ 17,329
Interest	11
<i>Total Additions</i>	17,340
Deductions	
Payments in Accordance with Trust Agreements	12,850
<i>Change in Net Assets</i>	4,490
<i>Net Assets Beginning of Year (Restated, See Note 3)</i>	25,558
<i>Net Assets End of Year</i>	\$ 30,048

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1 - Description of the Career Center and Reporting Entity

The Portage Lakes Joint Vocational School also known as the Portage Lakes Career Center (the “Career Center”) is a vocational high school.

Joint Vocational Career Centers were created by the legislature as one means by which a Career Center can meet its obligation under law to make a vocational education program available to all of its students. The Career Center has four member School Districts. They are: Green Local, Manchester Local, Springfield Local, and Coventry Local Schools.

The Portage Lakes Career Center’s Board of Education consists of nine board members. Each local School District is represented by two board members elected from the membership of their local board. Green Local Schools are represented by three board members. Each year the member School Districts elect or assign board members to represent their board on the Career Center’s Board of Education.

Reporting Entity

The Portage Lakes Career Center is a Career Center corporation governed by an appointed Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization’s resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt, or the levying of taxes. Based on the foregoing criteria, the Career Center has no component units.

The Career Center participates in two jointly governed organizations and one public entity risk pool. These organizations are the Northeast Ohio Network for Educational Technology, the Interval Opportunity School, and the Stark County Schools Council of Government. These organizations are presented in Notes 9 and 14 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center applies generally accepted accounting principles that were issued prior to November 30, 1989 by the Financial Accounting Standards Board (“FASB”) to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The most significant of the Career Center's accounting policies are described below.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental activities of the Career Center at 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

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

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are two categories of funds: governmental 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 accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Career Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

Adult Education Programs Fund This fund accounts for transactions made in connection with adult education.

The other governmental funds of the Career Center account for grants and other resources to which the Career Center is bound to observe constraints imposed upon the use of the resources.

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 only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only agency fund accounts for student activities.

C. Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Career Center are included on the statement of net assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Private purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 the fiscal year-end.

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises 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, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

E. Cash and Investments

To improve cash management, all 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. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statement. The Career Center has segregated a portion of cash balances, reported as "Cash and cash equivalents in segregated accounts" which is used for the scholarships.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

During fiscal year 2011, investments were limited to repurchase agreements, certificates of deposit, STAROhio, money market, U.S. Government Agency notes and U.S. Government Agency discount notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$33,861, which includes \$5,327 assigned from other Career Center funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not made from the pool are reported as "investments".

F. Capital Assets

All capital assets of the Career Center are classified as general capital assets. 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 \$2,500. 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 expensed.

All reported capital assets except land is 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>Estimated Lives</u>
Land Improvements	15 - 30 Years
Buildings	30 - 60 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 15 Years

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

G. Interfund Balances

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

H. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the basic financial statements within the fund the employee will be paid from.

I. 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, 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 fiscal year.

J. 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 borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

K. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the Career Center classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually 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, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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. 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 or 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.

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 used only to report a deficit 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 either restricted or unrestricted (committed, assigned and unassigned) amounts are 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.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Interfund Activity

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

M. Estimates

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

N. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

O. Changes in Accounting Principles

For the year ended June 30, 2011, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” and GASB Statement No. 59, “*Financial Instruments Omnibus*.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement 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. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the Career Center.

Note 3 - Restatement of Fund Balances

Fund reclassifications are required in order to report funds in accordance with the implementation of GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. These fund reclassifications had the following effect on the Career Center’ governmental fund balances as previously reported:

	General	Adult Education Programs	Nonmajor Governmental	Total Governmental
Fund Balance Previously Reported at June 30, 2010	\$ 10,764,804	\$ 1,592,666	\$ 42,864	\$ 12,400,334
Fund Reclassification:				
Private Purpose Trust Fund	0	0	(25,558)	(25,558)
Public School Support Fund	6,290	0	(6,290)	0
Underground Storage Tank	11,000	0	(11,000)	0
Restated Fund Balance at July 1, 2010	<u>\$ 10,782,094</u>	<u>\$ 1,592,666</u>	<u>\$ 16</u>	<u>\$ 12,374,776</u>

The fund reclassifications had the following effect on net assets previously reported:

	Governmental Activities	Private Purpose Trust Funds
Net Assets Previously Reported at June 30, 2010	\$ 15,129,324	\$ 0
Fund Reclassification		
Private Purpose Trust Funds	(25,558)	25,558
Restated Net Assets at July 1, 2010	<u>\$ 15,103,766</u>	<u>\$ 25,558</u>

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 4 - Budgetary Basis of Accounting

While the Career Center is reporting financial position, results of operations and changes in fund balance 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, is presented for the general fund and adult education programs special revenue fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a restricted or assigned fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and adult education programs fund.

Net Change in Fund Balance

	General Fund	Adult Education Programs
GAAP Basis	\$ 501,559	\$ (164,462)
Net Adjustment for Revenue Accruals	10,372	(1,734)
Net Adjustment for Expenditure Accruals	(299,329)	(24,810)
Funds Budgeted Elsewhere **	(1,389)	0
Adjustment for Encumbrances	(373,559)	(134,262)
Budget Basis	\$ (162,346)	\$ (325,268)

** As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes public school support funds.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 5 - Deposits and Investments

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

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

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

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

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

Interim monies to 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 division (1) or (2) of this section 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 (STAROhio);

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 5 - Deposits and Investments (Continued)

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.

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.

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of Career Center cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment 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. These securities, held by the counterparty and not in the Career Center's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The Career Center's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Deposits At fiscal year-end, the carrying amount of the Career Center's deposits was \$5,535,699 and the bank balance was \$5,542,785. Of the bank balance:

1. \$2,335,442 of the bank balance was covered by depository insurance; and
2. \$3,207,343 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 5 - Deposits and Investments (Continued)

Investments

Investments are reported at fair value. As of June 30, 2011, the Career Center had the following investments:

	Fair Value	Maturity			% of Investments
		0-12 Months	13-24 Months	25-36 Months	
First American Government					
Money Market	\$ 13,683	\$ 13,683	\$ 0	\$ 0	0.18%
STAROhio	202,253	202,253	0	0	2.61%
Federal Home Loan Bank	2,888,844	750,105	640,614	1,498,125	37.32%
Federal Home Loan Discount Note	693,841	0	693,841	0	8.96%
Federal Home Loan Mtg	3,025,920	0	3,025,920	0	39.09%
Federal National Mtg Assoc	775,234	0	775,234	0	10.02%
U.S. Treasury Bill	139,907	0	139,907	0	1.82%
Total	\$ 7,739,682	\$ 966,041	\$ 5,275,516	\$ 1,498,125	100.00%

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center's policy is to follow State statute which is to invest funds with the highest interest rate bid.

Credit Risk: The Career Center investments during June 30, 2011 included an overnight repurchase account, STAROhio, U.S. Government Agency Notes, U.S. Government Agency Discount Notes and a money market fund. Its investment in STAROhio is rated AAAM by Standard and Poor's and the U.S. Government Agency Notes and Discount Notes are all rated AAA by Standard and Poor's. The federal agency securities that underlie the Career Center's repurchase agreement were rated AAA by Standard and Poor's. No other investments are rated by Standard & Poor's or Moody's Investors Service.

Concentration of Credit Risk: The Career Center investment policy authorizes the Treasurer to invest a maximum of 25 percent of interim funds in investments allowed by State statute. At various times during the year, the Career Center's overnight repurchase account and STAROhio account exceeded more than 5 percent of the Career Center's investments as listed above.

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, public utility and tangible personal property (used in business) located in the Career Center Career Centers. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 6 - Property Taxes (Continued)

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated during calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Career Center due to the phasing out of the tax. In calendar years 2006-2010, the Career Center was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The Summit County Fiscal Officer periodically advances 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 to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and tangible public utility property, 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 deferred revenue.

The amount available as an advance at June 30, 2011 was \$376,741 and is recognized as revenue in the general fund. The amount available as an advance at June 30, 2010, was \$306,976 in the general fund.

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 6 - Property Taxes (Continued)

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

	2010 Second Half Collections Valuation	%	2011 First Half Collections Valuation	%
Real Property				
Residential/Agricultural	\$ 1,270,075,930	78.99%	\$ 1,274,658,720	79.46%
Commerical/Industrial	305,952,750	19.03%	297,433,510	18.54%
Tangible Personal Property				
General	1,216,400	0.08%	0	0.00%
Public Utilities	30,541,300	1.90%	32,007,460	2.00%
Total Assessed Valuation	<u>\$ 1,607,786,380</u>	<u>100.00%</u>	<u>\$ 1,604,099,690</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 4.35</u>		<u>\$ 4.35</u>	

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Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 7 - Capital Assets

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

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 195,190	\$ 0	\$ 0	\$ 195,190
Construction in Progress	1,954,469	47,543	(2,002,012)	0
Total Capital Assets, not being depreciated	2,149,659	47,543	(2,002,012)	195,190
<i>Capital Assets, being depreciated:</i>				
Land Improvements	332,508	0	0	332,508
Buildings	5,284,257	2,121,650	0	7,405,907
Furniture and Equipment	1,423,919	150,581	(53,229)	1,521,271
Vehicles	57,056	41,616	0	98,672
Total Capital Assets, being depreciated	7,097,740	2,313,847	(53,229)	9,358,358
Less Accumulated Depreciation:				
Land Improvements	(328,057)	(593)	0	(328,650)
Buildings	(4,421,700)	(157,137)	0	(4,578,837)
Furniture and Equipment	(1,057,846)	(56,820)	45,488	(1,069,178)
Vehicles	(26,081)	(6,229)	0	(32,310)
Total Accumulated Depreciation	(5,833,684)	(220,779)	45,488	(6,008,975)
Total Capital Assets being depreciated, net	1,264,056	2,093,068	(7,741)	3,349,383
Governmental Activities Capital Assets, Net	\$ 3,413,715	\$ 2,140,611	\$(2,009,753)	\$ 3,544,573

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction:	
Vocational	\$ 212,306
Adult/Continuing	3,525
Support Services:	
Instructional Staff	270
Administration	2,951
Fiscal	530
Operation and Maintenance of Plant	1,197
Total Depreciation	\$ 220,779

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 8 - Receivables

Receivables at June 30, 2011, consisted of taxes, accounts (tuition and fees) and interest. Taxes receivable is considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

Note 9 - Risk Management

A. Property and Liability

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.

The Career Center maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

The Career Center participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating Career Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

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 workers' compensation experience of the participating Career Centers is calculated as one experience and a common premium rate is applied to all Career Centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Career Centers that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The Career Center is a member of the Stark County Schools Council of Government (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating Career Centers. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The Career Center accounts for the premiums paid as expenditures in the general or applicable fund.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 10 – 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-five days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn twenty days of vacation annually. Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 315 days. Employees shall receive severance pay equal to 25 percent of up to 315 accumulated for a maximum of 79 days.

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. It is also posted on SERS' website, www.ohsers.org, under *Employers/Audit Resources*.

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. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year 2011, the allocation to pension and death benefits is 11.81 percent of annual covered salary. For fiscal year 2010 the amount was 12.78 percent and for fiscal year 2009 the amount was 9.09 percent. The contributions to SERS for pension obligations for the fiscal years ended June 30, 2011, 2010, and 2009 were \$109,180, \$103,542 and \$66,301, respectively; 86 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. \$17,662 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability.

B. State Teachers Retirement System

The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 11 - Defined Benefit Pension Plans (Continued)

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 member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. 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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 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. For fiscal years 2009 and 2008, the portion used to fund pension obligations was also 13 percent. 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 employer contributions.

The Career Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2011, 2010 and 2009 were \$497,339 \$410,077 and \$427,245, respectively; 87 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$15,224 made by the Career Center and \$10,874 made by the plan members.

Note 12 - Postemployment Benefits

A. School Employees Retirement System

The Career Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included 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. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 12 - Postemployment Benefits (Continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43 percent, at June 30, 2010 and 2009 the health care allocation was .46 percent and 4.16 percent, respectively. The Career Center's contributions for the years ended June 30, 2011, 2010 and 2009 were \$13,220, \$3,727 and \$30,342, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. For the Career Center during fiscal year 2011 this amounted to \$10,741.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76 percent and for fiscal years 2010 and 2009 the required allocation was .76 percent and .75 percent, respectively. The Career Center contributions for the fiscal years 2011, 2010 and 2009 were \$7,026, \$6,157 and \$5,470, respectively.

B. State Teachers Retirement System

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

Ohio law authorized 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 portion of the health care cost in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to Health Care Stabilization Fund for the years ended June 30, 2011, 2010 and 2009. The Career Center's contributions for health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$38,257, \$36,448 and \$36,016, respectively.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 13 - Long - Term Obligations

The changes in the Career Center's long-term obligations during the year consist of the following:

	<u>Outstanding 6/30/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2011</u>	<u>Due in One Year</u>
Governmental Activities:					
Loan Payable:					
Vocational School Building Assistance					
Due 6/24/19, 0%	\$ 300,002	\$ 0	\$ 33,333	\$ 266,669	\$ 33,333
Compensated Absences	463,560	228,908	162,637	529,831	72,206
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 763,562</u>	<u>\$ 228,908</u>	<u>\$ 195,970</u>	<u>\$ 796,500</u>	<u>\$ 105,539</u>

In 2004 the Career Center received a \$500,000 interest free loan from the Ohio School Facilities program, which was subsequently used to pay off an improvement note. The retirement of the loan will be made through the debt service fund.

Compensated Absences will be paid from the fund in which the employee is paid. In prior years, this fund has primarily been the general fund.

Principal and interest requirements to retire loans outstanding at June 30, 2011 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 33,333	\$ 0	\$ 33,333
2013	33,333	0	33,333
2014	33,333	0	33,333
2015	33,334	0	33,334
2016	33,334	0	33,334
2017-2019	<u>100,002</u>	<u>0</u>	<u>100,002</u>
Totals	<u>\$ 266,669</u>	<u>\$ 0</u>	<u>\$ 266,669</u>

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 14 - Jointly Governed Organizations

A. Northeastern Ohio Network for Educational Technology

The Northeastern Ohio Network for Educational Technology (NEONET) is a jointly governed organization comprised of 17 Career Center members. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member Career Centers. Each of the governments of these members supports NEONET based on a per pupil charge dependent upon the software package utilized. The NEONET assembly consists of a superintendent or designated representative from each participating Career Center and a representative from the fiscal agent. NEONET is governed by a board of directors chosen from the general membership of the NEONET assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating members are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2011, the Career Center paid approximately \$17,760 to NEONET for basic service charges.

B. Interval Opportunity School

The Interval Opportunity School (the School) is a jointly governed organization made up of six area public participants. The function of the School is to provide “at risk students” with possibly a last and a better opportunity to succeed in both their academic and social maturation. Each member School District pays an annual fee based on the number of students serviced by the school. The Career Center paid \$11,683 to the School in fiscal year 2011 for services. The School is governed by a Board of Directors comprised of each Superintendent from Coventry, Green and the Career Center. The Coventry Local School District serves as the fiscal agent of the School. The continued existence of the School is not dependent on the Career Center’s continued participation and no equity interest exists.

Note 15 – Contingencies

The Career Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2011.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 16 - Interfund Transfers

Transfers made during fiscal year 2011 were as follows:

Funds	Transfer In	Transfer Out
General Fund	\$ 0	\$ 33,333
Other Nonmajor Governmental Funds	33,333	0
Total	\$ 33,333	\$ 33,333

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

Note 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 acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that the Career Center establish and maintain a budget stabilization reserve. The monies which do not represent the Bureau of Workers Compensation (BWC) refunds may be left in the budget reserve set-aside, or returned to the general fund and used at the discretion of the of the Career Center's Board of Education.

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 17 - Set-Asides (Continued)

	Budget Stabilization	Capital Improvement	Textbooks Instructional Materials	Totals
Set aside Cash Balance as of June 30, 2010	\$ 0	\$ 0	\$ 0	\$ 0
Set-Aside Carry Over Balance as of June 30, 2010	185,120	0	0	185,120
Current Year Set-Aside Requirement	0	54,443	54,443	108,886
Contributions in Excess of the Current Fiscal Year				
Set Aside Requirement.	0	0	0	0
Qualifying Expenditures	0	(386,170)	(55,948)	(442,118)
Excess Qualified Expenditures from Prior Years	0	0	0	0
Current Year Offsets	0	0	0	0
Waiver Granted by the department of Education	0	0	0	0
Prior Year Offset from Bond Proceeds	0	0	0	0
Total	<u>\$ 185,120</u>	<u>\$ (331,727)</u>	<u>\$ (1,505)</u>	<u>\$ (148,112)</u>
Balance Carried Forward FY 2012	<u>\$ 185,120</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 185,120</u>
Amount to Restrict for Set-Asides				<u>\$ 38,707</u>
Amount to Set-Aside				<u>\$ 38,707</u>

The Career Center had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. However, effective July 1, 2011, textbook set-aside laws have been repealed and the negative is not being reported as carried forward to future fiscal year. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-asides. The total reserve balance for the set-asides at the end of the fiscal year was \$185,120. Of the \$185,120, \$38,707 represents BWC refunds which are reported as a restricted fund balance. The remaining amount of \$146,413 is reported as unassigned for budget stabilization since the requirements that initially established the reserve were not specific to its use.

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Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 18 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General	Adult Education Programs	Other Governmental Funds	Total
Restricted for:				
Special Education	\$ 0	\$ 1,428,204	\$ 0	\$ 1,428,204
BWC Refund	38,707	0	0	38,707
Other Purposes	0	0	15	15
Total Restricted	38,707	1,428,204	15	1,466,926
Committed for:				
Underground Storage Tank	11,000	0	0	11,000
Assigned for:				
Encumbrances	371,781	0	0	371,781
Unassigned	10,862,165	0	0	10,862,165
Total Fund Balance (Deficit)	\$ 11,283,653	\$ 1,428,204	\$ 15	\$ 12,711,872

PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/ Sub Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>				
(Direct)				
Student Financial Aid Cluster:				
Federal Pell Grant Program	84.063	N/A	407,719	407,719
Federal Family Education Loans	84.032	N/A	<u>355,808</u>	<u>355,808</u>
Total Student Financial Aid Cluster			763,527	763,527
(Passed through the Ohio Department of Education)				
Career and Technical Education - Basic Grants to States	84.048	N/A	141,921	141,921
		N/A	<u>93,027</u>	<u>93,027</u>
<i>Total Career and Technical Education - Basic Grants to States</i>			234,948	234,948
Improving Teacher Quality State Grants	84.367	N/A	<u>3,252</u>	<u>3,252</u>
Total			<u>\$1,001,727</u>	<u>\$1,001,727</u>

The accompanying notes are an integral part of this schedule

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Center's federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B – OUTSTANDING LOANS

The Career Center does not make Federal Family Education Loans (FFEL). For the fiscal year 2011, the Career Center certified need for \$354,874 in Guaranteed Student Loans and Supplemental Loans. The amount presented represents the value of new FFEL awarded during the fiscal year as follows:

Federal Stafford Loans	\$160,927
Federal Unsubsidized Stafford Loans	<u>193,947</u>
Total Federal Family Education Loans	\$354,874

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Dave Yost • Auditor of State

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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, OH 44685

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 Portage Lakes Career Center, Summit County, Ohio, (the Center) as of and for the year ended June 30, 2011, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 2, 2012. We noted the 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 the 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 the Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 the 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.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated March 2, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 2, 2012



Dave Yost • Auditor of State

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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, OH 44685

To the Board of Education:

Compliance

We have audited the compliance of Portage Lakes Career Center, Summit County, Ohio (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Center's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

Our compliance audit followed 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*. These 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 the Center's compliance with these 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 the Center's compliance with these requirements.

In our opinion, Portage Lakes Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, 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 noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Center's management in a separate letter dated March 2, 2012.

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



Dave Yost
Auditor of State

March 2, 2012

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Aid Cluster: Federal Pell Grant Program, CFDA# 84.063; Federal Family Education Loans (FFEL), CFDA # 84.032
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	The Career Center created a replacement fund; however, since they are not a city, exempted village, or local school district they did not have the authority to create the fund. As a result, the financial statements have been adjusted to remove the major Replacement Fund and reflect the activity in the General Fund. The beginning balance of the General Fund was increased \$2,320,000 to \$12,096,163. Additionally, as indicated below, the client's books were adjusted after fiscal year end.	Yes	n/a
2010-002	During review of the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual for the Adult Education Fund it was noted the amount reported as the Final Budgeted appropriation amount exceeded the actual final budgeted appropriation amount approved by the Board of Education by \$94,000.	Yes	n/a



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, OH 44685

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Portage Lakes 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 March 17, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying. Ohio Rev. Code Section 3313.666 required the Governing Board to amend its definition by September 28, 2010.

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.

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

Dave Yost
Auditor of State

March 2, 2012

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PORTAGE LAKES CAREER CENTER

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2012**