

**FOUR COUNTY CAREER CENTER**  
**HENRY COUNTY**  
**FINANCIAL STATEMENTS**  
*Year Ended June 30, 2005*





**Auditor of State  
Betty Montgomery**

Board of Education  
Four County Career Center  
Archbold, Ohio

We have reviewed the *Independent Auditor's Report* of the Four County Career Center, Henry County, prepared by Steyer & Co., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 20, 2005

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## C O N T E N T S

	<b>PAGE</b>
Independent Auditor's Report	1-2
External Financial Statements: Management's Discussion and Analysis	3-8
Basic Financial Statements: Government-Wide Financial Statements: Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements: Balance Sheet	11
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Adult Education	16
Statement of Fiduciary Net Assets – Fiduciary Fund	17
Notes to the Basic Financial Statements	18-37
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards	39
 <b>INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND INTERNAL CONTROL</b>	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	42-43
Schedule of Findings and Questioned Costs	44-45
Schedule of Prior Audit Findings and Questioned Costs	46
Corrective Action Plan	47

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Four County Career Center  
Archbold, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, an Ohio joint vocational school district (the Career Center), as of and for the year ended June 30, 2005, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, as of June 30, 2005, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Adult Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2005, on our consideration of Four County Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink that reads "Steyer & Co." in a cursive script.

STEYER & CO.  
Certified Public Accountants

Defiance, Ohio  
October 28, 2005

**FOUR COUNTY CAREER CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The discussion and analysis of the Four County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2005 are as follows:

In total, net assets of governmental activities increased \$278,307.

General revenues accounted for \$12,225,078 in revenue or 85.52 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,069,358 or 14.48 percent of total revenues of \$14,294,436.

The Career Center had \$14,016,129 in expenses related to governmental activities; only \$2,069,358 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,225,078 were adequate to provide for these programs.

The Career Center has three major governmental funds; the general fund, the permanent improvement fund and the adult education fund. The general fund had \$11,724,677 in revenues and \$11,303,977 in expenditures. During fiscal 2005, the general fund's fund balance increased \$318,842 from \$8,506,481 to \$8,825,323. The permanent improvement fund had \$378,179 in revenues and \$385,356 in expenditures. During fiscal 2005, the permanent improvement fund's fund balance decreased \$7,177 from \$2,037,475 to \$2,030,298. The adult education fund had \$1,156,419 in revenues and \$1,185,575 in expenditures. During fiscal 2005, the adult education fund's fund balance decreased \$29,156 from \$(30,519) to \$(59,675).

**Using the Basic Financial Statements**

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

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



**FOUR COUNTY CAREER CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

**Reporting the Career Center as a Whole**

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and Statement of Activities reflect how the Career Center did financially during fiscal year 2005. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. The basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the Career Center's programs and services, including instruction, support services, operation of maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

**Reporting the Career Center's Most Significant Funds**

Fund Financial Statements

Fund financial statements provide detailed information about the Career Center's major funds. While the Career Center uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the Career Center's most significant funds. The Career Center's three major governmental funds are the general fund, permanent improvement fund, and adult education fund.

Governmental Funds - Most of the Career Center's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

**The Career Center as a Whole**

Table 1 provides a summary of the Career Center's net assets for fiscal year 2005 compared to fiscal year 2004. The Career Center's decrease in general revenues aided the increase in current liabilities.

**FOUR COUNTY CAREER CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

Table 1 – Net Assets

	Governmental Activities	
	2005	2004
<u>Assets:</u>		
Current and Other Assets	\$ 18,135,392	\$ 16,074,205
Capital Assets, Net	7,583,715	7,933,830
Total Assets	<u>25,719,107</u>	<u>24,008,035</u>
<u>Liabilities:</u>		
Current and Other Liabilities	6,770,762	5,045,825
Long-Term Liabilities	2,128,312	2,420,484
Total Liabilities	<u>8,899,074</u>	<u>7,466,309</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	6,499,916	6,576,170
Restricted	2,209,033	2,255,753
Unrestricted	8,111,084	7,709,803
Total	<u>\$ 16,820,033</u>	<u>\$ 16,541,726</u>

Table 2 reflects the changes in net assets for fiscal year 2005 compared to fiscal year 2004. The decrease in general revenues was attributed to decreases in property tax revenue, state foundation revenue, and gifts and donations.

Table 2 – Change in Net Assets

	Governmental Activities	
	2005	2004
<u>Revenues:</u>		
<u>Program Revenues:</u>		
Charges for Services and Sales	\$ 894,841	\$ 741,963
Operating Grants and Contributions	1,148,178	1,089,970
Capital Grants and Contributions	26,339	8,669
Total Program Revenues	<u>2,069,358</u>	<u>1,840,602</u>
<u>General Revenues:</u>		
Property Taxes	5,976,249	6,157,590
Grants and Entitlements	5,707,401	5,862,713
Gifts and Donations	279,704	520,430
Investment Earnings	247,948	128,910
Miscellaneous	9,934	34,157
Proceeds from Sale of Capital Assets	3,842	-
Total General Revenues	<u>12,225,078</u>	<u>12,703,800</u>
Total Revenues	<u>14,294,436</u>	<u>14,544,402</u>

**FOUR COUNTY CAREER CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

<u>Expenses:</u>		
Instruction	7,676,615	6,973,221
Support Services:		
Pupils	1,705,057	1,621,340
Instructional Staff	604,402	525,240
Board of Education	62,833	51,109
Administration	1,175,356	1,154,241
Fiscal	405,906	404,295
Business	135,179	81,636
Operation and Maintenance of Plant	1,410,608	1,258,727
Pupil Transportation	31,595	30,460
Central	192,203	223,128
Operation of Non-Instructional Services	414,450	398,784
Extracurricular Activities	63,931	64,963
Capital Outlay	120,167	389,376
Interest and Fiscal Charges	17,827	32,941
Total Expenses	<u>14,016,129</u>	<u>13,209,461</u>
Increase in Net Assets	<u>\$ 278,307</u>	<u>\$ 1,334,941</u>

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3 – Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Instruction	\$ 7,676,615	\$ 5,846,858	\$ 6,973,221	\$ 5,263,713
Support Services:				
Pupils	1,705,057	1,699,827	1,621,340	1,618,340
Instructional Staff	604,402	604,402	525,240	525,240
Board of Education	62,833	62,833	51,109	51,109
Administration	1,175,356	1,175,356	1,154,241	1,153,407
Fiscal	405,906	405,906	404,295	404,295
Business	135,179	135,179	81,636	81,636
Operation and Maintenance of Plant	1,410,608	1,407,141	1,258,727	1,258,727
Pupil Transportation	31,595	31,595	30,460	30,460
Central	192,203	187,203	223,128	223,128
Operation of Non- Instructional Services	414,450	188,546	398,784	271,524
Extracurricular Activities	63,931	63,931	64,963	64,963
Capital Outlay	120,167	120,167	389,376	389,376
Interest and Fiscal Charges	17,827	17,827	32,941	32,941
Total Expenses	<u>\$14,016,129</u>	<u>\$11,946,771</u>	<u>\$13,209,461</u>	<u>\$11,368,859</u>

**FOUR COUNTY CAREER CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. 76.16 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 85.24 percent. It is apparent that the communities, as a whole, are the primary support for the Career Center's students.

### **The Career Center's Funds**

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$14,260,035 and expenditures of \$13,958,186. The net positive change of \$301,849 in fund balance for the year indicates that the Career Center is able to meet current costs.

### General Fund Budgeting Highlights

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

During the course of fiscal year 2005, the Career Center amended its general fund budget as needed. Final budgeted revenues, in the amount of \$11,430,460, were the same as original budgeted revenues.

Final expenditures were budgeted at \$12,634,389 while actual expenditures were \$11,352,115. The \$1,282,274 difference is primarily due to a conservative "worst case scenario" approach. The Career Center over appropriates in case significant, unexpected expenditures arise during the fiscal year.

### Capital assets

At the end of fiscal year 2005, the Career Center had \$7,583,715 invested in capital assets (net accumulated depreciation) for governmental activities.

For further information regarding the Career Center's capital assets see notes in the basic financial statements.

### Debt

At June 30, 2005, the Career Center had \$1,083,798 in roof top units and asbestos loans for building improvements. The roof top units will be completely paid by 2007. The asbestos loans will be completely paid by 2013.

At June 30, 2005, the Career Center's overall legal debt margin was \$247,502,237, with an unvoted debt margin of \$2,750,025.

In addition to the debt outlined above, the Career Center's long-term debt also includes compensated absences.

For further information regarding the Career Center's debt see the notes to the basic financial statements.

**FOUR COUNTY CAREER CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

**Current Issues**

The Career Center is holding its own in the state of a declining economy and uncertainty in State funding. The Career Center covers portions of eight different counties, which mostly consists of residential/farming communities currently experiencing some residential growth.

Over the past several years, the Career Center has remained in a good financial position. In 1976 the Career Center passed a 1.40 continuous levy, in 1979 a .60 continuous levy, and in 1988 a 1.00 continuous levy and has not had to renew these levies. These levies provide a continuous source of funds for a financial cushion. The Career Center has also been able to benefit from increased enrollment.

The Career Center is unique in that it has students attending from eight different counties. It also has an adult education program. The building and facilities are on one campus.

**Contacting the Career Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to reflect the Career Center's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lois Knuth, Treasurer, Four County Career Center, 22-900 St. Rt. 34, Archbold, Ohio, 43502.

**FOUR COUNTY CAREER CENTER  
HENRYCOUNTY  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2005**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 7,408,790
Investments	4,324,041
Materials and Supplies Inventory	128,988
Accrued Interest Receivable	60,875
Accounts Receivable	53,996
Interfund Receivable	1,075
Intergovernmental Receivable	75,810
Prepaid Items	20,665
Taxes Receivable	6,061,152
Noncurrent Assets	
Non-Depreciable Capital Assets	219,258
Depreciable Capital Assets, net	<u>7,364,457</u>
Total Assets	25,719,107
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	75,278
Accrued Wages and Benefits	1,192,935
Matured Compensated Absences Payable	196,277
Deferred Revenue	5,306,272
Noncurrent Liabilities	
Long-Term Liabilities	
Due Within One Year	281,861
Due in More Than One Year	<u>1,846,451</u>
Total Liabilities	8,899,074
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	6,499,916
Restricted for Capital Outlay	2,174,343
Restricted for Other Purposes	34,690
Unrestricted	<u>8,111,084</u>
Total Net Assets	<u><u>\$ 16,820,033</u></u>

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**

		<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental Activities					
Instruction:					
Regular	\$ 1,296,825	\$ -	\$ -	\$ -	\$ (1,296,825)
Vocational	5,361,959	335,477	735,302	26,339	(4,264,841)
Adult/Continuing	1,017,831	405,596	327,043	-	(285,192)
Support Services:					
Pupils	1,705,057	-	5,230	-	(1,699,827)
Instructional Staff	604,402	-	-	-	(604,402)
Board of Education	62,833	-	-	-	(62,833)
Administration	1,175,356	-	-	-	(1,175,356)
Fiscal	405,906	-	-	-	(405,906)
Business	135,179	-	-	-	(135,179)
Operation and Maintenance of Plant	1,410,608	-	3,467	-	(1,407,141)
Pupil Transportation	31,595	-	-	-	(31,595)
Central	192,203	-	5,000	-	(187,203)
Operation of Non-Instructional Services	414,450	153,768	72,136	-	(188,546)
Extracurricular Activities	63,931	-	-	-	(63,931)
Capital Outlay	120,167	-	-	-	(120,167)
Interest and Fiscal Charges	17,827	-	-	-	(17,827)
	<u>14,016,129</u>	<u>894,841</u>	<u>1,148,178</u>	<u>26,339</u>	<u>(11,946,771)</u>
<i>Total Governmental Activities</i>					
	<u>\$ 14,016,129</u>	<u>\$ 894,841</u>	<u>\$ 1,148,178</u>	<u>\$ 26,339</u>	<u>(11,946,771)</u>

General Revenues

Taxes

Property Taxes, Levied for General Purposes	5,624,560
Property Taxes, Levied for Capital Outlay	351,689
Grants and Entitlements not Restricted to Specific Programs	5,707,401
Gifts and Donations	279,704
Investment Earnings	247,948
Miscellaneous	9,934
Proceeds from Sale of Capital Assets	3,842

*Total General Revenues* 12,225,078

*Change in Net Assets* 278,307

*Net Assets Beginning of Year* 16,541,726

*Net Assets End of Year* \$ 16,820,033

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2005**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 4,505,819	\$ 2,011,247	\$ 388,111	\$ 503,613	\$ 7,408,790
Investments	4,324,041	-	-	-	4,324,041
Materials and Supplies Inventory	108,748	-	8,875	11,365	128,988
Accrued Interest Receivable	60,875	-	-	-	60,875
Accounts Receivable	4,931	-	47,570	1,495	53,996
Interfund Receivable	773,008	-	-	-	773,008
Intergovernmental Receivable	-	-	42,925	30,600	73,525
Prepaid Items	8,867	-	-	11,798	20,665
Taxes Receivable	<u>5,698,518</u>	<u>362,634</u>	<u>-</u>	<u>-</u>	<u>6,061,152</u>
<i>Total Assets</i>	<u>\$ 15,484,807</u>	<u>\$ 2,373,881</u>	<u>\$ 487,481</u>	<u>\$ 558,871</u>	<u>\$ 18,905,040</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 70,620	\$ 1,472	\$ 2,413	\$ 773	\$ 75,278
Accrued Wages and Benefits	1,138,529	-	40,843	13,563	1,192,935
Interfund Payable	-	5,272	445,960	320,701	771,933
Matured Compensated Absences Payable	173,797	-	15,015	7,465	196,277
Deferred Revenue	<u>5,276,538</u>	<u>336,839</u>	<u>42,925</u>	<u>15,243</u>	<u>5,671,545</u>
<i>Total Liabilities</i>	<u>6,659,484</u>	<u>343,583</u>	<u>547,156</u>	<u>357,745</u>	<u>7,907,968</u>
<b>FUND BALANCES:</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	185,248	112,255	16,424	10,439	324,366
Reserved for Inventory	108,748	-	8,875	11,365	128,988
Reserved for Property Taxes	421,980	25,795	-	-	447,775
<b>Unreserved, Undesignated, Reported in:</b>					
General Fund	8,109,347	-	-	-	8,109,347
Special Revenue Funds	-	-	(84,974)	47,704	(37,270)
Capital Projects Funds	<u>-</u>	<u>1,892,248</u>	<u>-</u>	<u>131,618</u>	<u>2,023,866</u>
<i>Total Fund Balances</i>	<u>8,825,323</u>	<u>2,030,298</u>	<u>(59,675)</u>	<u>201,126</u>	<u>10,997,072</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 15,484,807</u>	<u>\$ 2,373,881</u>	<u>\$ 487,481</u>	<u>\$ 558,871</u>	<u>\$ 18,905,040</u>

*The accompanying notes are an integral part of these financial statements.*



**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2005**

<b>Total Governmental Fund Balances</b>		<b>\$ 10,997,072</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Captial assets used in governmental activities are not financial resources and therefore are not reported in the funds		7,583,715
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		367,558
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	(1,044,513)	
Notes Payable	(1,083,799)	
	(2,128,312)	(2,128,312)
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 16,820,033</u></u>

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property and Other Local Taxes	\$ 5,564,794	\$ 346,384	\$ -	\$ -	\$ 5,911,178
Intergovernmental	5,456,455	31,795	750,823	673,515	6,912,588
Interest	245,798	-	-	2,150	247,948
Tuition and Fees	44,251	-	404,711	70,190	519,152
Gifts and Donations	279,704	-	-	-	279,704
Customer Sales and Services	131,874	-	885	242,930	375,689
Miscellaneous	<u>1,801</u>	<u>-</u>	<u>-</u>	<u>8,133</u>	<u>9,934</u>
<i>Total Revenues</i>	11,724,677	378,179	1,156,419	996,918	14,256,193
<b>EXPENDITURES</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	1,240,132	-	-	17,696	1,257,828
Vocational	4,594,719	14,486	19,104	482,101	5,110,410
Adult/Continuing	188,344	-	825,830	-	1,014,174
<b>Support Services:</b>					
Pupils	1,557,739	-	26,296	122,270	1,706,305
Instructional Staff	302,727	-	250,541	55,569	608,837
Board of Education	59,006	-	-	-	59,006
Administration	1,153,085	-	-	4,408	1,157,493
Fiscal	387,588	8,421	15,572	-	411,581
Business	128,164	-	-	-	128,164
Operation and Maintenance of Plant	1,333,199	107,689	-	8,129	1,449,017
Pupil Transportation	19,731	-	17,995	-	37,726
Central	107,785	-	30,237	48,046	186,068
Operation of Non-Instructional Services	-	34,768	-	345,059	379,827
Extracurricular Activities	63,931	-	-	-	63,931
Capital Outlay	-	96,131	-	-	96,131
<b>Debt Service</b>					
Principal	150,000	123,861	-	-	273,861
Interest	<u>17,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,827</u>
<i>Total Expenditures</i>	<u>11,303,977</u>	<u>385,356</u>	<u>1,185,575</u>	<u>1,083,278</u>	<u>13,958,186</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	420,700	(7,177)	(29,156)	(86,360)	298,007
<b>OTHER FINANCING SOURCES AND USES</b>					
Proceeds from Sale of Capital Assets	3,842	-	-	-	3,842
Transfers In	-	-	-	105,700	105,700
Transfers Out	<u>(105,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,700)</u>
<i>Total Other Financing Sources and Uses</i>	<u>(101,858)</u>	<u>-</u>	<u>-</u>	<u>105,700</u>	<u>3,842</u>
<i>Net Change in Fund Balances</i>	318,842	(7,177)	(29,156)	19,340	301,849
<i>Fund Balance at Beginning of Year</i>	<u>8,506,481</u>	<u>2,037,475</u>	<u>(30,519)</u>	<u>181,786</u>	<u>10,695,223</u>
<i>Fund Balance at End of Year</i>	<u>\$ 8,825,323</u>	<u>\$ 2,030,298</u>	<u>\$ (59,675)</u>	<u>\$ 201,126</u>	<u>\$ 10,997,072</u>

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>301,849</b>
 <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 outlays exceeded depreciation in the current period.		(348,882)
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(1,233)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		34,401
Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		273,861
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		<u>18,311</u>
<i>Change in Net Assets of Governmental Activities</i>	<b>\$</b>	<b><u>278,307</u></b>

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 5,349,600	\$ 5,349,600	\$ 5,546,615	\$ 197,015
Intergovernmental	5,438,830	5,438,830	5,451,811	12,981
Interest	127,500	127,500	188,718	61,218
Tuition and Fees	45,500	45,500	44,197	(1,303)
Gifts and Donations	345,000	345,000	412,853	67,853
Customer Sales and Services	124,000	124,000	132,287	8,287
Miscellaneous	<u>30</u>	<u>30</u>	<u>44</u>	<u>14</u>
Total Revenues	11,430,460	11,430,460	11,776,525	346,065
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	1,488,787	1,489,625	1,230,191	259,434
Vocational	4,972,672	4,966,627	4,654,576	312,051
Adult/Continuing	196,293	196,293	181,341	14,952
Support Services:				
Pupils	1,590,835	1,592,284	1,517,153	75,131
Instructional Staff	322,897	320,897	297,205	23,692
Board of Education	132,900	132,900	68,150	64,750
Administration	1,253,298	1,253,478	1,137,938	115,540
Fiscal	451,166	451,166	415,086	36,080
Business	105,600	105,600	83,287	22,313
Operation and Maintenance of Plant	1,718,058	1,718,058	1,405,717	312,341
Pupil Transportation	28,445	28,445	21,363	7,082
Central	137,817	137,817	108,848	28,969
Operation of Non-Instructional Services:				
Extracurricular Activities	1,000	1,000	-	1,000
Extracurricular Activities	72,372	72,372	63,433	8,939
Debt Service:				
Principal	150,000	150,000	150,000	-
Interest	<u>17,827</u>	<u>17,827</u>	<u>17,827</u>	<u>-</u>
Total Expenditures	<u>12,639,967</u>	<u>12,634,389</u>	<u>11,352,115</u>	<u>1,282,274</u>
Excess of Revenues Over Expenditures	(1,209,507)	(1,203,929)	424,410	1,628,339
<b>OTHER FINANCING SOURCES AND USES:</b>				
Proceeds from Sale of Fixed Assets	-	-	3,842	3,842
Refund of Prior Year Expenditures	35,000	35,000	336	(34,664)
Advances In	600,000	600,000	158,947	(441,053)
Transfers Out	(50,000)	(106,000)	(105,700)	300
Refund of Prior Year Receipts	(1,000)	(1,000)	(2,615)	(1,615)
Advances Out	(650,000)	(594,000)	(280,000)	314,000
Other Financing Uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total Other Financing Sources and Uses	<u>(166,000)</u>	<u>(166,000)</u>	<u>(225,190)</u>	<u>(59,190)</u>
Net Change in Fund Balances	(1,375,507)	(1,369,929)	199,220	1,569,149
Fund Balance at Beginning of Year	8,204,056	8,204,056	8,204,056	-
Prior Year Encumbrances Appropriated	<u>165,556</u>	<u>165,556</u>	<u>165,556</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 6,994,105</u>	<u>\$ 6,999,683</u>	<u>\$ 8,568,832</u>	<u>\$ 1,569,149</u>

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ADULT EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 995,807	\$ 1,030,697	\$ 750,823	\$ (279,874)
Tuition and Fees	353,700	353,700	384,153	30,453
Customer Sales and Services	900	900	885	(15)
<b>Total Revenues</b>	<u>1,350,407</u>	<u>1,385,297</u>	<u>1,135,861</u>	<u>(249,436)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Vocational	29,860	29,860	29,860	-
Adult/Continuing	848,442	924,753	841,142	83,611
Support Services:				
Pupils	31,911	32,111	27,845	4,266
Instructional Staff	262,473	277,966	249,215	28,751
Fiscal	34,299	35,961	14,865	21,096
Pupil Transportation	19,253	23,078	19,931	3,147
Central	30,000	30,250	30,237	13
<b>Total Expenditures</b>	<u>1,256,238</u>	<u>1,353,979</u>	<u>1,213,095</u>	<u>140,884</u>
Excess of Revenues Under Expenditures	94,169	31,318	(77,234)	(108,552)
<b>OTHER FINANCING SOURCES AND USES:</b>				
Advances In	145,000	-	165,415	165,415
Advances Out	-	-	(40,107)	(40,107)
<b>Total Other Financing Sources and Uses</b>	<u>145,000</u>	<u>-</u>	<u>125,308</u>	<u>125,308</u>
Net Change in Fund Balances	239,169	31,318	48,074	16,756
Fund Balance at Beginning of Year	286,359	286,359	286,359	-
Prior Year Encumbrances Appropriated	36,267	36,267	36,267	-
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 561,795</u>	<u>\$ 353,944</u>	<u>\$ 370,700</u>	<u>\$ 16,756</u>

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRYCOUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2005**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,629
Total Assets	\$ 6,629
<b>LIABILITIES</b>	
Current Liabilities	
Interfund Payable	\$ 1,075
Due to Students	5,554
Total Liabilities	\$ 6,629

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

**Note 1 – Description Of The Career Center And Reporting Entity**

Four County Career Center (the Career Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. Effective July 1, 1999, the Career Center changed its name from Four County Joint Vocational School District to Four County Career Center, an Ohio Vocational School District. The Career Center was established in 1966, with classes beginning in September 1969, and serves 22 districts located in Defiance, Fulton, Henry and Williams counties. The Career Center is operated under a board of education consisting of eleven members. The vocational career center provides job training for residents of participating districts. Currently, Four County Career Center provides thirty courses of instruction in such varied fields as chef training, electronics, machine trades and plastics. The average daily membership as of October 2004 was 807. The Career Center employed 12 administrators and supervising personnel, 107 certified and 47 non-certified employees.

Four County Career Center provides regular, vocational, and adult continuing instruction. Also, Four County Career Center has support services for pupils, instructional staff, general and school administration, fiscal and business affairs. In addition, Four County Career Center accounts for various extra-curricular activities and retirement of debt obligations.

**Reporting Entity**

This report includes all activities considered by management to be part of the Career Center by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization.

The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending). The Career Center has no component units.

The Career Center reports under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", under which the financial statements include all the organizations, activities, functions and component units for which the Career Center (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Career Center's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Career Center. On the basis of the provisions of GASB Statement No. 14, no organizations are financially accountable to the Career Center as component units.

**FOUR COUNTY CAREER CENTER**  
**HENRY COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*June 30, 2005*

The Career Center is associated with two jointly governed organizations and three group purchasing pools. These organizations are the Northwest Ohio Computer Association, Northern Buckeye Education Council, Northern Buckeye Education Council's Employee Insurance Benefits Program, Northern Buckeye Education Council Workers' Compensation Group Rating Plan and Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds of Four County Career Center over which Four County Career Center has the ability to exercise direct operating control.

**Note 2 – Summary Of Significant Accounting Policies**

The financial statements of Four County 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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Career Center's accounting policies.

*A. Basis Of Presentation*

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

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

The statement of net assets presents the financial condition of the governmental activities of the Career Center at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function 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 financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.



**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

*B. Fund Accounting*

The Career Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Career Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Career Center are grouped into the categories governmental and fiduciary.

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

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

*Permanent Improvement* – The Permanent Improvement fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

*Adult Education* – The Adult Education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries and textbooks.

*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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds that existed throughout the fiscal year included National Honor Society, Family Career & Community Leaders of America, Future Farmers of America, Business Professionals of America, SKILLS USA of America and Student Council.

*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.

*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.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

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 financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

*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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Career Center, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 non-exchange 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, income taxes, grants, investment earnings, tuition, and student fees.

*Deferred Revenue* – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes (other than delinquent amounts) for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

*Expenditures/Expenses* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

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 costs, such as depreciation and amortization, are not recognized in governmental funds.

*E. Cash And Investments*

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

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

During fiscal year 2005, the Career Center invested in nonnegotiable certificates of deposit, federal agency securities and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2005 amounted to \$245,798.

*F. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

*G. Inventory*

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

*H. Restricted Assets*

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

*I. Capital Assets*

General capital assets 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$5,000. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings and Building Improvements	15 - 40 years
Furniture and Fixtures	10 years
Vehicles	5 - 15 years
Equipment	5 - 15 years

*J. Interfund Balances*

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

*K. 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 Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end taking into consideration any limits specified in the Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for all employees after five years of service.

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

For governmental fund financial statements, the current portion of 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 "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**FOUR COUNTY CAREER CENTER**  
**HENRY COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*June 30, 2005*

*L. Accrued Liabilities and Long-Term Obligations*

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

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

*M. Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation 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 when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

*N. Fund Balance Reserves and Designations*

The Career Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

*O. Interfund Transactions*

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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

*P. Estimates*

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

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

*Q. Extraordinary and Special Items*

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Career Center and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.

**Note 3 – Budgetary Basis of Accounting**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund, function, and object level within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

While the Career Center is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 presented for the General Fund and Adult Education are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Adult Education.

Net Change in Fund Balance Major Governmental Fund		
	General	Adult Education
GAAP Basis	\$ 318,842	\$ (29,156)
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2004, received in cash FY 2005	687,567	78,061
Accrued FY 2005, not yet received in cash	(605,401)	(99,370)
Expenditure Accruals:		
Accrued FY 2004, paid in cash FY 2005	(1,225,210)	(110,547)
Accrued FY 2005, not yet paid in cash	1,382,946	101,196
Advances net	(121,053)	125,308
Encumbrances outstanding at year end (budget basis)	(238,471)	(17,418)
Budget Basis	\$ 199,220	\$ 48,074

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

**Note 4 – Deposits and Investments**

Monies held by the Career Center are classified by State statute into three categories.

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

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

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

Interim monies held by the Career Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At fiscal year end, the Career Center had \$450 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$7,186,089 of the Career Center's bank balance of \$7,486,089 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Career Center's name.

The Career Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2005, the Career Center had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$ 835,053	Various from 7/13/05 to 12/9/05
Federal Home Loan Mortgage Corporation Notes	730,227	Various from 11/15/05 to 2/7/06
Federal Home Loan Bank Note	296,093	6/30/06
STAR Ohio	2,462,668	Daily
Total Investments	<u>\$ 4,324,041</u>	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Career Center's investment policy addresses interest rate risk by requiring that the Career Center's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes and Federal Home Loan Bank Note carry a rating of Aaa by Moody's and AAA by Standard & Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. The Career Center has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Note are exposed to custodial credit risk as they are uninsured, unregistered, and held by the



**FOUR COUNTY CAREER CENTER**  
**HENRY COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*June 30, 2005*

counterparty's trust department or agent but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 5 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis, while the Career Center's fiscal year runs from July through June. First-half tax distributions are received by the Career Center in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the district. Real and public utility property tax revenues received in calendar year 2005 represent the collection of calendar year 2004 taxes. Real property taxes for 2005 were levied after April 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2005 were levied after April 1, 2005, on the assessed values as of December 31, 2004, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2005 (other than public utility property) represent the collection of calendar year 2005 taxes. Tangible personal property taxes for 2005 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Career Center receives property taxes from Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2005 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

The amounts available as an advance at June 30, 2005, were \$421,980 in the General Fund and \$25,795 in the Permanent Improvement Fund. The amounts available as an advance at June 30, 2004, were \$411,385 in the General Fund and \$25,007 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second-Half Collections		2005 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 1,764,046,750	65.46%	\$ 1,796,897,660	65.34%
Industrial/Commercial	360,895,720	13.39%	374,766,020	13.63%
Public Utility	1,709,470	0.06%	1,726,690	0.06%
Tangible Personal	568,350,766	21.09%	576,634,486	20.97%
Total Assessed Value	<u>\$ 2,695,002,706</u>	<u>100.00%</u>	<u>\$ 2,750,024,856</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 3.20		\$ 3.20	

**Note 6 – Receivables**

Receivables at June 30, 2005, consisted of accounts (billings for user charged services, tuition and fees), intergovernmental grants and taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the Statement of Net Assets follows:

	Amounts
Governmental Activities	
Accrued Interest Receivable	\$ 60,875
Accounts Receivable	53,996
Intergovernmental Receivable	75,810
Taxes Receivable	6,061,152
Total Receivables	<u>\$ 6,251,833</u>

**Note 7 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance at 6/30/04	Additions	Deductions	Balance at 6/30/05
Governmental Activities:				
Non-Depreciable Capital Assets				
Land	<u>\$ 219,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,258</u>
Depreciable Capital Assets				
Land Improvements	261,808	45,660	-	307,468
Buildings and Building Improvements	18,871,441	128,072	-	18,999,513
Furniture and Fixtures	2,554,830	186,856	(261,414)	2,480,272
Vehicles	422,075	-	-	422,075
Totals at Historical Cost	<u>22,110,154</u>	<u>360,588</u>	<u>(261,414)</u>	<u>22,209,328</u>
Less Accumulated Depreciation:				
Land Improvements	(60,339)	(19,938)	-	(80,277)
Buildings and Building Improvements	(12,410,649)	(513,560)	-	(12,924,209)
Furniture and Fixtures	(1,703,561)	(138,694)	266,830	(1,575,425)

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

Vehicles	(221,033)	(43,927)	-	(264,960)
Total Accumulated Depreciation	<u>(14,395,582)</u>	<u>(716,119)</u>	<u>266,830</u>	<u>(14,844,871)</u>
Depreciable Capital Asset, Net	<u>7,714,572</u>	<u>(355,531)</u>	<u>5,416</u>	<u>7,364,457</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,933,830</u>	<u>\$ (355,531)</u>	<u>\$ 5,416</u>	<u>\$ 7,583,715</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 33,277
Vocational	361,970
Support Services:	
Pupils	75,091
Instructional Staff	2,102
Board of Education	3,827
Administration	32,107
Fiscal	4,638
Business	6,733
Operation and Maintenance of Plant	102,093
Operation of Non-Instructional Services	70,245
Capital Outlay	24,036
Total Depreciation Expense	<u>\$ 716,119</u>

**Note 8 – Interfund Transactions**

On the fund financial statements, the General Fund has receivables of \$773,008. This receivable consists of \$5,272 payable from the Permanent Improvement Fund, \$445,960 payable from the Adult Basic Education Fund, \$320,701 payable from the non-major governmental funds and \$1,075 payable from the Agency Fund. These interfund loans were made to provide operating capital.

Interfund transfers for the year ended June 30, 2005 consisted of transfers from the General Fund to the non-major governmental funds in the amount of \$105,700.

Transfers are used to (1) move revenues from the fund that statute or budget requires 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 9 – Risk Management**

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005 the Career Center contracted Schools of Ohio Risk Sharing Authority for the following insurance coverage:

Coverage amounts as of June 30, 2005:	
General Liability:	
Bodily Injury / Property Damage	6,000,000
Personal Injury	6,000,000
Products / Completed Operations	6,000,000
Campus Annual Aggregate	2,000,000
General Annual Aggregate	8,000,000
Fire Legal Liability	500,000

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

Medical Payments (person / aggregate)	5,000/25,000
Errors or Omissions Cover:	
Per Occurrence (\$5,000 deductible)	6,000,000
Per Aggregate (\$5,000 deductible)	6,000,000
Property and Crime:	
Property (incl. Inland Marine, misc. equipment) (\$1,000 deductible)	39,240,564
Employee Dishonesty / Faithful Performance of Duty (\$1,000 deductible)	50,000
Forgery / Alteration (\$1,000 deductible)	50,000
Computer Fraud (\$1,000 deductible)	50,000
Theft, Disappearance, Destruction (\$1,000 deductible)	50,000
Commercial Auto:	
Owned / Leased Vehicles	6,000,000
Medical Payments (occ / agg)	5,000/25,000
Uninsured Motorist	1,000,000
Physical Damage (\$1,000 deductible)	100,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

The Career Center is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA provides both pooling alternatives as well as traditional insurance options to school districts. However, at the present time SORSA is the only pooling option in which the pool retains and shares significant risk (\$100,000 each loss Property, \$150,000 each loss third party Liability). This retained and shared limit offers the opportunity for the pool to build member-owned equity. In this respect, SORSA presents a unique offering to its 62 school districts that are participating as of June 30, 2005.

The Career Center participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry and Williams Counties and other eligible governmental entities. The Career Center pays monthly premiums to the Northern Buckeye Education Council for employee medical, dental and life insurance benefits. Northern Buckeye Education Council is responsible for the management and operations of the program. Upon withdrawal from the Program, a participant is responsible for the payment of all Program liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2005, the Career Center participated in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

**Note 10 – Defined Benefit Pension Plans**

*A. State Teachers Retirement System*

The Career Center contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to STRS Ohio, 275 East Broad St., Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, 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 DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP 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 DCP 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 fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The Career Center's required contribution for pension obligations for the fiscal years ended June 30, 2005, 2004, and 2003, were \$970,048, \$927,854, and \$852,143, respectively. The full amount has been contributed for fiscal years 2005, 2004 and 2003.

*B. School Employees Retirement System*

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salary and the Career Center was required to contribute an actuarially determined rate. The rate for fiscal year 2005 was 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$257,145, \$201,177, and \$203,630, respectively, equal to the required contributions for each year.

*C. Social Security System*

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 11 – Postemployment Benefits**

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2004, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount equaled \$62,026 during fiscal 2005. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004.

For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2004, the healthcare allocation is 4.91%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2004, the minimum pay has been established as \$24,500. The surcharge, added to the unallocated

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits were \$300.8 million, and the number of benefit recipients currently receiving health care benefits is approximately 62,000. The amount to fund health care benefits, including surcharge, equaled \$98,270 for the Career Center during the 2005 fiscal year.

**Note 12 – Employee Benefits**

*A. Compensated Absences*

Employees earn vacation at rates specified under State of Ohio law and based on credited service. All twelve-month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 25% of unused sick leave up to 205 days for a maximum of 51.25 days for all classified and administrative employees. All certified employees are entitled to 25% of unused sick leave up to 205 days or a maximum of 51.25 days.

At June 30, 2005 the current amount of unpaid compensated absences in all funds was \$196,277. The long-term amount of unpaid compensated absences in all funds was \$1,044,514.

*B. Health Care Benefits*

The Career Center provides employee health care benefits through membership in the Northern Buckeye Education Council (NBEC). Monthly payments are made to the NBEC for health, dental and life insurance coverage. Vision insurance is provided through Vision Service Plan. The employees share the cost of the monthly premiums with the Board of Education.

**Note 13 – Long-Term Obligations**

Changes in the Career Center's long-term obligations during fiscal year 2005 were as follows:

	Balance at 06/30/04	Additions	Reductions	Balance at 06/30/05	Amounts Due Within One Year
Governmental Activities:					
Energy Conservation	\$ 389,468	\$ -	\$ (150,000)	\$ 239,468	\$ 158,000
Asbestos Loans	968,191	-	(123,861)	844,330	123,861
Compensated Absences	<u>1,062,825</u>	-	<u>(18,311)</u>	<u>1,044,514</u>	-
Total Governmental Activities					
Long-Term Obligations	<u>\$2,420,484</u>	<u>\$ -</u>	<u>\$ (292,172)</u>	<u>\$2,128,312</u>	<u>\$ 281,861</u>

During fiscal year 1997, the Career Center issued a 10 year \$1,300,000, note for the purpose of replacing the HVAC rooftop units under the guidelines of HB 264. This note will be repaid with general fund tax revenue.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

The Career Center has two approved interest free loans and grants from EPA Assistance/U.S. Environmental Protection Agency for friable asbestos removal. This loan and grant was for asbestos removal over a three-year period beginning in the summer of 1993 and ending in the summer of 1995. The loans are paid semi-annually over an eighteen year period. The loan is being paid from the Permanent Improvement fund, which is classified as a Capital Project Fund Type.

Compensated absences, pension obligation, and employee bonuses will be paid from the fund from which the employees' salaries are paid.

Total expenditures for interest for the above debt for the period ended June 30, 2005 was \$17,827.

Principal and interest requirements to retire the Energy Conservation note and Asbestos loans outstanding at June 30, 2005 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2006	\$ 281,861	\$ 10,151	\$ 292,012
2007	205,330	2,070	207,400
2008	123,861	-	123,861
2009	123,861	-	123,861
2010	123,861	-	123,861
2011-2013	225,024	-	225,024
Total	<u>\$ 1,083,798</u>	<u>\$ 12,221</u>	<u>\$ 1,096,019</u>

**Note 14 – Set-Asides**

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

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

	Textbooks	Capital Acquisition
Balance June 30, 2004	\$ (803,562)	\$ 25,862
Current Year Set-Aside Requirement	65,404	65,404
Qualifying Expenditures	(298,079)	(100,078)
Total	<u>\$(1,036,237)</u>	<u>\$ (8,812)</u>
Balance Carried Forward to Fiscal Year 2006	<u>\$(1,036,237)</u>	<u>\$ -</u>

Although the Career Center has offsets and qualifying disbursements during the year that reduced the set-aside requirements below zero, only the amount for textbooks may be used to reduce the set-aside requirements of future years.



**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

**Note 15 – Jointly Governed Organizations**

*A. Northwest Ohio Computer Association*

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

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. Total disbursements made by the Career Center to NWOCA during this fiscal year were \$38,655. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

*B. Northern Buckeye Education Council*

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams and Wood counties. The NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. An elected board consisting of two representatives from each of the six counties in which the member's educational entities are located governs NBEC. The board is elected from an assembly consisting of a representative from each participating educational entity. The degree of control exercised by any participating educational entity is limited to its representation on the Board. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**Note 16 – Group Purchasing Pools**

*A. Northern Buckeye Education Council's Employee Insurance Benefits Program*

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, and life insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties in which the member educational entities are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2005, the Career Center contributed a total for all three plans of \$1,551,735, which represented 5.38 percent of total contributions. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2005**

*B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan*

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool. The WCGRP is governed by the NBEC and the plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program. The Career Center paid \$1,398 in enrollment fees for fiscal year 2005.

*C. Schools of Ohio Risk Sharing Authority (SORSA)*

The Career Center participates in an insurance pool with SORSA. SORSA was formed as a result of a crisis in the availability of third party liability insurance for Ohio school districts. The Career Center paid \$4,301 to SORSA in fiscal year 2005.

**Note 17 – Contingencies**

*A. Grants*

The Career Center receives significant financial assistance from numerous 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

*B. Litigation*

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

*C. State School Funding Decision*

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The Career Center is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**Note 18 – Fund Balance Deficits**

At June 30, 2005, the Adult Education Fund had a deficit fund balance of \$59,675. The deficit was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**FOUR COUNTY CAREER CENTER  
HENRYCOUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2005  
(Non-GAAP Basis)**

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education</i>					
Adult Education - State Grant Program	84.002	\$ 133,721	\$ -	\$ 90,796	\$ -
Vocational Education - Basic Grants to States (Perkins)	84.048	366,851	-	351,673	-
	84.048	68,424	-	66,514	-
	84.048	<u>7,631</u>	-	<u>7,631</u>	-
		442,906	-	425,818	-
Safe and Drug-Free Schools and Communities - National Programs	84.186	2,230	-	2,007	-
Improving Teacher Quality State Grants (Title II, Part A)	84.367	7,546	-	6,930	-
Innovative Education Program Strategies	84.298	<u>8,129</u>	-	<u>7,430</u>	-
Total Department of Education		594,532	-	532,981	-
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
Nutrition Cluster:					
National School Lunch Program	10.555	60,017	-	60,017	-
School Breakfast Program	10.553	8,824	-	8,824	-
Food Donation	10.550	<u>-</u>	<u>991</u>	<u>-</u>	<u>2,468</u>
Total Department of Agriculture and Nutrition Cluster		<u>68,841</u>	<u>991</u>	<u>68,841</u>	<u>2,468</u>
<b>TOTAL FEDERAL ASSISTANCE</b>		<u>\$ 663,373</u>	<u>\$ 991</u>	<u>\$ 601,822</u>	<u>\$ 2,468</u>

*The accompanying notes are an integral part of these financial statements.*

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
*June 30, 2005***

**Note 1 – Significant Accounting Policies**

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

**Note 2 – Food Distribution**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2005, the Career Center had no food commodities in inventory.

# STEYER & CO.

*Certified Public Accountants*

2000 NORTH CLINTON STREET  
DEFIANCE, OHIO 43512  
PHONE (419) 782-1030  
FAX (419) 782-5298

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

Board of Education  
Four County Career Center  
Archbold, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, as of and for the year ended June 30, 2005, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated October 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Career Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2005-1. We also noted certain additional matters that we reported to management of Four County Career Center in a separate letter dated October 28, 2005.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Four County Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2005-2 and 2005-3. We also noted certain additional matters that we reported to management of Four County Career Center in a separate letter dated October 28, 2005.

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

A handwritten signature in cursive script that reads "Steyer & Co." with a period at the end.

STEYER & CO.

Defiance, Ohio  
October 28, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Four County Career Center  
Archbold, Ohio

Compliance

We have audited the compliance of the Four County Career Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Career Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, Four County Career Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Career Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in cursive script that reads "Steyer & Co." with a period at the end.

STEYER & CO.

Defiance, Ohio  
October 28, 2005



**FOUR COUNTY CAREER CENTER  
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

**Section I – Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_yes      X  no  
Reportable condition(s) identified  
not considered to be material weaknesses?   X  yes    \_\_\_\_\_none reported

Noncompliance material to financial statements  
noted?   X  yes    \_\_\_\_\_no

***Federal Awards***

Internal control over major programs:  
Material weakness(es) identified? \_\_\_\_\_yes      X  no  
Reportable condition(s) identified  
not considered to be material weaknesses? \_\_\_\_\_yes      X  none reported

Type of auditor's report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section.510(a)? \_\_\_\_\_yes      X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education – Basic Grants to States

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?   X  yes    \_\_\_\_\_no

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

**Section II – Financial Statement Findings**

The results of our tests disclosed the following items that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

**REPORTABLE CONDITIONS**

**Finding 2005-1 – Reportable Condition**

Generally accepted accounting principles provide that the general fund accounts for all resources except those required to be accounted for in other funds. Additionally, Ohio Rev. Code §5705.10 states in part that revenue derived from the general levy be paid into the general fund and that all revenue derived from a special levy be credited to a special fund for the purpose for which the levy was made.

During the year ended June 30, 2005, the school recorded \$5,272 of tax receipts for general levy in the permanent improvement fund. These errors were located during the audit and the June 30, 2005 basic financial statements were adjusted to properly reflect the receipts in the general and permanent improvement funds.

**Finding 2005-2 – Non-Compliance Citation**

Ohio Rev. Code §5705.39 requires in part that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission.

At June 30, 2005, the following fund had appropriations in excess of the amount certified as available by the budget commission:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variances</u>
Defiance WIA FY05	114,655	115,074	419

An advance was made so that available funds exceeded appropriations. However, the Treasurer should monitor appropriations and estimated revenue throughout the fiscal year and obtain an amended certificate as needed for compliance with the requirements of the Ohio Revised Code.

**Finding 2005-3 – Non-Compliance Citation**

Ohio Rev. Code §5705.14 requires in part that all advances must be approved by a formal resolution. During the audit it was noted that an advance was made from the General Fund to Food Services without Board approval.

**Section III - Federal Award Findings and Questioned Costs**

The results of our tests disclosed no findings or questioned costs that are required to be reported under Circular A-133, Section 510(a).

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Action Taken</u>
2004-1	Improper recording of tax receipts	No	Problem still existed throughout the fiscal year.
2004-2	Appropriations exceeded estimated resources	No	Problem still existed throughout the fiscal year.
2004-3	Bidding and letting contracts	Yes	No problems noted during the fiscal year.

**FOUR COUNTY CAREER CENTER  
HENRY COUNTY**

**CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2005**

<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2005-1	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2006	Lois A. Knuth
2005-2	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2006	Lois A. Knuth
2005-3	The Treasurer will better monitor this situation and take appropriate corrective action.	June 30, 2006	Lois A. Knuth



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**FOUR COUNTY CAREER CENTER**

**HENRY 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  
DECEMBER 30, 2005**