

APOLLO CAREER CENTER

ALLEN COUNTY

**AUDITED
BASIC FINANCIAL STATEMENTS-CASH BASIS**

**FOR THE YEAR ENDED
JUNE 30, 2005**



**Auditor of State
Betty Montgomery**

Board of Education
Apollo Joint Vocational School District
3325 Shawnee Road
Lima, Ohio 45806

We have reviewed the *Independent Auditor's Report* of the Apollo Joint Vocational School District, Allen County, prepared by Rea & Associates, Inc., for the audit period July 1, 2004 to 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 Apollo Joint Vocational School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 22, 2006

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**APOLLO CAREER CENTER
ALLEN COUNTY**

Basic Financial Statements-Cash Basis
For the Fiscal Year Ended June 30, 2005

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We're Ready For Your Future

September 29, 2005

The Board of Education
Apollo Career Center
Lima, Ohio 45806

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio (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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the Government to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio, as of June 30, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General and Adult Education Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2005, on our consideration of the Government'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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Rea & Associates, Inc.

APOLLO CAREER CENTER
ALLEN COUNTY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The discussion and analysis of Apollo Career Center's financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2005, within the limitations of modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Career Center's financial performance.

Highlights

Key highlights for fiscal year 2005 are as follows:

The Career Center constructed the outer shell of a one hundred foot by fifty foot building maintenance lab financed by the Permanent Improvement capital projects fund. Total costs associated for the exterior construction was approximately \$96,000. The labor was provided by the building maintenance and construction trade students.

Net assets increased by \$1,061,733. Unrestricted net assets increased \$739,345 from enrollment increasing by twenty-eight students, adding five satellite programs by entering into profit-sharing agreements with two local school districts, and decreasing personnel, purchased services, and supplies. The increase in students increased the Career Center's state foundation funding by 8.3 percent which also increased all weighted funding by 9.3 percent.

Based on the projections of the five-year forecast, the Career Center implemented cost savings measures during fiscal year 2005 by not replacing personnel as employees retired and by decreasing supplies and purchased services disbursements.

Capital disbursements were reduced for building improvements and vocational equipment during fiscal year 2005.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Career Center's modified cash basis of accounting.

The Career Center has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the Career Center's modified cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

APOLLO CAREER CENTER
ALLEN COUNTY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The statement of net assets and the statement of activities provide information about the cash activities of the whole Career Center.

Fund financial statements provide a greater 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 a single column. For Apollo Career Center, the General Fund, Adult Education special revenue fund, and the Permanent Improvement capital projects fund are the most significant funds.

Reporting the Career Center as a Whole

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the Career Center at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the Career Center's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Career Center is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Career Center's general receipts.

These statements report the Career Center's cash position and the changes in cash position. Factors which contribute to these changes may 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, all of the Career Center activities are presented as governmental activities. All of the Career Center's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

Reporting the Career Center's Most Significant Funds

Fund financial statements provide detailed information about the Career Center's major funds. While the Career Center uses many funds to account for its financial transactions, the fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the General Fund, Adult Education special revenue fund, and the Permanent Improvement capital projects fund.

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)*

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 for spending in future periods. These funds are reported using the modified cash basis accounting. The governmental fund financial statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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.

The Career Center as a Whole

Table 1 provides a summary of the Career Center's net assets for fiscal year 2005 and 2004:

Table 1
Net Assets

	Governmental Activities	
	2005	2004
<u>Assets:</u>		
Cash and Cash Equivalents	\$3,844,038	\$2,782,305
<u>Net Assets:</u>		
Restricted	\$1,208,381	\$885,993
Unrestricted	2,635,657	1,896,312
Total Net Assets	\$3,844,038	\$2,782,305

As mentioned previously, total net assets increased \$1,061,733, or 38 percent. The primary reasons contributing to the increase in cash balances are as follows:

- The Career Center increased receipts by entering into five satellite programs in fiscal year 2005 that are financed partially by student fees paid to the local school districts.
- The state foundation receipts increased from increased enrollment multiplied by the allowable rate per student.
- The adult education program cut personnel, purchased services, and supply disbursements dramatically.

APOLLO CAREER CENTER
ALLEN COUNTY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 2 reflects the change in net assets for fiscal year 2005. Since the Career Center did not prepare financial statements according to this basis of accounting in the prior fiscal year, a comparative analysis of government-wide data has not been presented. In future years, when prior fiscal year information is available, a comparative analysis will be presented.

Table 2
Change in Net Assets

	Governmental Activities 2005
<u>Receipts:</u>	
Program Receipts	
Charges for Services	\$2,925,763
Operating Grants and Contributions	2,800,015
Total Program Receipts	5,725,778
General Receipts	
Property Taxes Levied for General Purposes	3,050,403
Property Taxes Levied for Permanent Improvements	736,647
Grants and Entitlements	2,858,016
Interest	85,653
Miscellaneous	160,559
Total General Receipts	6,891,278
Total Receipts	12,617,056
<u>Disbursements:</u>	
Instruction:	
Regular	1,140,418
Special	87,698
Vocational	3,525,135
Adult/Continuing	1,754,463
Support Services:	
Pupils	672,916
Instructional Staff	986,028
Board of Education	45,466
Administration	844,107
Fiscal	369,261
Operation and Maintenance of Plant	901,030
Pupil Transportation	8,189
Central	207,091
Non-Instructional Services	240,156
Extracurricular Activities	15,211
Capital Outlay	624,317
Debt Service:	
Principal Retirement	133,837
Total Disbursements	11,555,323
Increase in Net Assets	\$1,061,733

APOLLO CAREER CENTER
ALLEN COUNTY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Program receipts represent 45 percent of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition, fees, customer services, and food service sales. There are twelve full time adult programs and many career enhancement programs. Tuition for these programs was \$2,000,000 of these receipts. In addition, customer service receipts include the sale of two student built houses and the usual activities for another twelve programs ranging from Auto Body to Cosmetology.

Property taxes and grants and entitlements basically make up the balance of the Career Center's general receipts.

The major program disbursements for governmental activities are for instruction, which accounts for 56 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, administration, and operation and maintenance of plant account for 29 percent of governmental disbursements.

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, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005
Instruction:		
Regular	\$1,140,418	\$1,105,681
Special	87,698	(284,737)
Vocational	3,525,135	989,037
Adult/Continuing	1,754,463	(806,195)
Support Services:		
Pupils	672,916	659,077
Instructional Staff	986,028	983,103
Board of Education	45,466	45,466
Administration	844,107	844,107
Fiscal	369,261	369,261
Operation and Maintenance of Plant	901,030	901,030
Pupil Transportation	8,189	8,189
Central	207,091	207,091
Non-Instructional Services	240,156	35,070
Extracurricular Activities	15,211	15,211
Capital Outlay	624,317	624,317
Debt Service:		
Principal Retirement	133,837	133,837
Total Disbursements	<u>\$11,555,323</u>	<u>\$5,829,545</u>

APOLLO CAREER CENTER
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Instructional activities were supported by tax receipts and unrestricted grants and entitlements by 15.4 percent. Special and adult/continuing instruction activities are largely supported by program receipts. This is the result of operating grants restricted for special instruction purposes and customer charges for adult/continuing instruction purposes.

Non-instructional services include food service activities. Over 85 percent of non-instructional services were covered by program receipts for fiscal year 2005. This is primarily due to cafeteria sales and state and federal subsidies for food service.

The Career Center's Funds

The Career Center's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$12,617,056 and disbursements \$11,555,323. The greatest change within governmental funds occurred within the General Fund as a result of higher enrollment, five new satellites, and controlling disbursements for purchased services and supplies.

Adult education disbursements were reduced during fiscal year 2005 do to budget cuts directly by the State of Ohio and through the local Job and Family Services department. A significant portion of adult students in the truck driving program were from a contract with Job and Family Services to provide training to individuals displaced by layoff or plant shutdowns. Their costs of participation were paid by Job and Family Services.

The Career Center also decided not to purchase new equipment for some vocational programs during fiscal year 2005.

Budgeting Highlights

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

During fiscal year 2005, the Career Center amended its General Fund budget as needed. The Career Center did not amend budgeted operating receipts. The change from final budgeted receipts to actual receipts, \$34,005, was not significant.

Final disbursements were budgeted at \$8,237,095 while actual disbursements were \$7,961,024. The Career Center was able to keep spending very close to budgeted amounts as demonstrated by the minor changes which occurred. Although the financial statements present negative variances between actual disbursements and final budgeted amounts on the function level, the Career Center was in budgetary compliance on the fund level.

Actual General Fund receipts were greater than disbursements by \$390,501. The Career Center received more in property taxes. Foundation receipts increased from increased enrollment. Disbursements were decreased within the fiscal year to stave off projected deficits within the next five years.

APOLLO CAREER CENTER
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Debt Administration

Debt

At June 30, 2005, the Career Center's outstanding debt included interest free loans for the construction of additions to the facilities, in the amount of \$1,606,052. For further information regarding the Career Center's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge to the Career Center is to provide quality education with fewer monies available to spend. The Career Center must rely on local taxes and State support. There was major change and tax reform with the passage of House Bill 66 and the Career Center is still trying to determine how these changes will affect the five-year forecast. The Career Center predicted a deficit for fiscal year 2008; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective with the 2005 school year. Sources of receipts were reviewed and a plan initiated to increase State receipts by adding five new vocational satellite programs in two of the local school districts. Profit sharing agreements were signed with these local school districts for the satellite programs. The disbursement history of the Career Center was then reviewed. Purchases of supplies and purchased services were reduced, retired individuals were rehired at lower salaries and benefits, retired personnel were not replaced, administrative departments were reorganized to cut expenses, part-time teacher aides are hired instead of full-time aides to avoid paying health insurance, and a health care plan was adopted to change coverage to significantly reduce health insurance costs.

Other than the disbursement cuts within the General Fund, personnel within the Food Service special revenue fund were not replaced. Contracted vending machines were replaced with vending machines that are refilled by our personnel which has generated additional cafeteria receipts. In the past, the Career Center has transferred funds to the Food Service special revenue fund and the reduction of staff and contracted services are expected to alleviate the need of an annual transfer from the General Fund.

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 Greg Bukowski, Treasurer, Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.

APOLLO CAREER CENTER
ALLEN COUNTY
Statement of Net Assets - Cash Basis
June 30, 2005

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,844,038</u>
 <u>Net Assets:</u>	
Restricted for:	
Capital Projects	\$789,303
Other Purposes	419,078
Unrestricted	<u>2,635,657</u>
 Total Net Assets	 <u>\$3,844,038</u>

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2005

	<u>Program Cash Receipts</u>			Net (Disbursement) Receipt and Change in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
Current:				
Instruction:				
Regular	\$1,140,418	\$22,347	\$12,390	(\$1,105,681)
Special	87,698	0	372,435	284,737
Vocational	3,525,135	710,071	1,826,027	(989,037)
Adult/Continuing	1,754,463	2,002,827	557,831	806,195
Support Services:				
Pupils	672,916	0	13,839	(659,077)
Instructional Staff	986,028	0	2,925	(983,103)
Board of Education	45,466	0	0	(45,466)
Administration	844,107	0	0	(844,107)
Fiscal	369,261	0	0	(369,261)
Operation and Maintenance of Plant	901,030	0	0	(901,030)
Pupil Transportation	8,189	0	0	(8,189)
Central	207,091	0	0	(207,091)
Non-Instructional Services	240,156	190,518	14,568	(35,070)
Extracurricular Activities	15,211	0	0	(15,211)
Capital Outlay	624,317	0	0	(624,317)
Debt Service:				
Principal Retirement	133,837	0	0	(133,837)
Total Governmental Activities	\$11,555,323	\$2,925,763	\$2,800,015	(5,829,545)
<u>General Receipts:</u>				
Property Taxes Levied for:				
General Purposes				3,050,403
Permanent Improvements				736,647
Grants and Entitlements not Restricted to Specific Programs				2,858,016
Interest				85,653
Miscellaneous				160,559
Total General Receipts				6,891,278
Change in Net Assets				1,061,733
Net Assets at Beginning of Year				2,782,305
Net Assets at End of Year				\$3,844,038

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2005

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$2,451,044	\$398,370	\$789,303	\$205,321	\$3,844,038
<u>Fund Balances:</u>					
Reserved for Encumbrances	\$196,544	\$97,932	\$128,999	\$10,710	\$434,185
Unreserved, Reported in:					
General Fund	2,254,500	0	0	0	2,254,500
Special Revenue Funds	0	300,438	0	194,611	495,049
Capital Projects Fund	0	0	660,304	0	660,304
 Total Fund Balances	 \$2,451,044	 \$398,370	 \$789,303	 \$205,321	 \$3,844,038

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

*Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005*

	General	Adult Education	Permanent Improvement	Other Governmental	Total Governmental Funds
Receipts:					
Property Taxes	\$3,050,403	\$0	\$736,647	\$0	\$3,787,050
Intergovernmental	4,377,404	422,769	74,677	783,181	5,658,031
Interest	80,060	5,593	0	0	85,653
Tuition and Fees	365,831	2,002,827	0	0	2,368,658
Charges for Services	366,607	0	0	190,498	557,105
Miscellaneous	111,220	49,319	0	20	160,559
Total Receipts	8,351,525	2,480,508	811,324	973,699	12,617,056
Disbursements:					
Current:					
Instruction:					
Regular	1,140,418	0	0	0	1,140,418
Special	87,698	0	0	0	87,698
Vocational	3,267,561	0	0	257,574	3,525,135
Adult/Continuing	0	1,706,265	0	48,198	1,754,463
Support Services:					
Pupils	602,525	35,391	0	35,000	672,916
Instructional Staff	304,274	498,787	0	182,967	986,028
Board of Education	45,466	0	0	0	45,466
Administration	812,693	0	15,178	16,236	844,107
Fiscal	354,035	0	15,226	0	369,261
Operation and Maintenance of Plant	892,118	3,356	5,556	0	901,030
Pupil Transportation	8,189	0	0	0	8,189
Central	207,091	0	0	0	207,091
Non-Instructional Services	23,520	0	0	216,636	240,156
Extracurricular Activities	15,211	0	0	0	15,211
Capital Outlay	3,681	0	620,636	0	624,317
Debt Service:					
Principal Retirement	0	80,504	53,333	0	133,837
Total Disbursements	7,764,480	2,324,303	709,929	756,611	11,555,323
Excess of Receipts Over Disbursements	587,045	156,205	101,395	217,088	1,061,733
Other Financing Sources (Uses):					
Advances In	294,500	0	0	73,200	367,700
Advances Out	(73,200)	0	0	(294,500)	(367,700)
Transfers In	0	50,000	0	19,000	69,000
Transfers Out	(69,000)	0	0	0	(69,000)
Total Other Financing Sources (Uses)	152,300	50,000	0	(202,300)	0
Changes in Fund Balances	739,345	206,205	101,395	14,788	1,061,733
Fund Balances at Beginning of Year	1,711,699	192,165	687,908	190,533	2,782,305
Fund Balances at End of Year	\$2,451,044	\$398,370	\$789,303	\$205,321	\$3,844,038

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Receipts:</u>				
Property Taxes	\$3,010,363	\$3,010,363	\$3,050,403	\$40,040
Intergovernmental	4,398,396	4,398,396	4,377,404	(20,992)
Interest	5,180	5,180	80,060	74,880
Tuition and Fees	417,789	417,789	365,831	(51,958)
Charges for Services	374,000	374,000	366,607	(7,393)
Miscellaneous	111,792	111,792	111,220	(572)
Total Receipts	8,317,520	8,317,520	8,351,525	34,005
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	1,070,000	1,070,000	1,149,702	(79,702)
Special	104,900	104,900	87,698	17,202
Vocational	3,372,300	3,472,100	3,349,695	122,405
Support Services:				
Pupils	657,700	657,700	604,467	53,233
Instructional Staff	339,970	339,970	307,069	32,901
Board of Education	66,125	66,125	45,552	20,573
Administration	867,000	867,000	845,807	21,193
Fiscal	375,500	375,500	365,604	9,896
Operation and Maintenance of Plant	985,900	985,900	930,133	55,767
Pupil Transportation	11,000	11,000	11,069	(69)
Central	272,600	272,600	221,525	51,075
Non-Instructional Services	4,500	4,300	23,520	(19,220)
Extracurricular Activities	7,000	7,000	15,211	(8,211)
Capital Outlay	3,000	3,000	3,972	(972)
Total Disbursements	8,137,495	8,237,095	7,961,024	276,071
Excess of Receipts Over Disbursements	180,025	80,425	390,501	310,076
<u>Other Financing Sources (Uses):</u>				
Advances In	468,200	495,300	294,500	(200,800)
Advances Out	(172,300)	(186,259)	(73,200)	113,059
Transfers Out	(86,000)	(43,000)	(69,000)	(26,000)
Total Other Financing Sources (Uses)	209,900	266,041	152,300	(113,741)
Changes in Fund Balance	389,925	346,466	542,801	196,335
Fund Balance at Beginning of Year	1,414,936	1,414,936	1,414,936	0
Prior Year Encumbrances Appropriated	296,763	296,763	296,763	0
Fund Balance at End of Year	\$2,101,624	\$2,058,165	\$2,254,500	\$196,335

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$601,229	\$601,229	\$422,769	(\$178,460)
Interest	0	0	5,593	5,593
Tuition and Fees	2,222,966	2,292,966	2,002,827	(290,139)
Miscellaneous	78,120	78,120	49,319	(28,801)
Total Receipts	<u>2,902,315</u>	<u>2,972,315</u>	<u>2,480,508</u>	<u>(491,807)</u>
<u>Disbursements:</u>				
Current:				
Instruction:				
Vocational	2,050,715	2,050,715	1,750,549	300,166
Support Services:				
Pupils	65,911	65,911	36,607	29,304
Instructional Staff	504,000	504,000	510,967	(6,967)
Operation and Maintenance of Plant	0	0	3,356	(3,356)
Debt Service:				
Principal Retirement	92,500	92,500	120,756	(28,256)
Total Disbursements	<u>2,713,126</u>	<u>2,713,126</u>	<u>2,422,235</u>	<u>290,891</u>
Excess of Receipts Over Disbursements	189,189	259,189	58,273	(200,916)
<u>Other Financing Sources</u>				
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Changes in Fund Balance	239,189	309,189	108,273	(200,916)
Fund Balance at Beginning of Year	56,244	56,244	56,244	0
Prior Year Encumbrances Appropriated	<u>135,921</u>	<u>135,921</u>	<u>135,921</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$431,354</u></u>	<u><u>\$501,354</u></u>	<u><u>\$300,438</u></u>	<u><u>(\$200,916)</u></u>

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY
Statement of Cash Basis Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$113,616	\$57,777
 <u>Net Assets:</u>		
Endowments	\$30,761	\$0
Held in Trust for Scholarships	82,855	0
Held for Student Activities	0	40,556
Undistributed Monies	0	17,221
 Total Net Assets	 \$113,616	 \$57,777

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY
Statement of Cash Basis Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2005

Additions:

Contributions	\$16,980
Interest	5,122
Other	7,630
	<hr/>
Total Additions	29,732

Deductions:

Non-Instructional Services	19,706
	<hr/>
Change in Net Assets	10,026
Net Assets at Beginning of Year	103,590
	<hr/>
Net Assets at End of Year	\$113,616
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

Apollo Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating School District's elected boards. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established on February 12, 1973. The Career Center serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by thirty-five classified employees, seventy-five certified teaching personnel, and eight administrators who provide services to six hundred twenty-eight students and other community members. The Career Center currently operates five instructional buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For Apollo Career Center, this includes general operations, food service, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt, or the levying of taxes. The Career Center does not have any component units.

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, the Ohio School Plan, the Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principals included all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Career Center's accounting policies.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of the Career Center at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the Career Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Career Center is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Career Center's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Career Center classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Career Center's major funds are the General Fund, Adult Education special revenue fund, and Permanent Improvement capital projects fund.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Adult Education Fund - The Adult Education special revenue fund is used to account for grants and tuition associated with providing education to adults.

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for the acquisition, construction, or improvement of capital facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

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 not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for various student-managed activities.

C. Basis of Accounting

The Career Center's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Career Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. Cash and Investments

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

During fiscal year 2005, the Career Center's investments included non-negotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. 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 was \$80,060, which included \$24,615 assigned from other Career Center funds.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the Career Center.

H. Long-Term Obligations

Modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

I. Net 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. Net assets restricted for other purposes include resources restricted for food service operations, adult education programs, vocational programs, and federal and state grants restricted to expenditure for specified purposes.

The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The amount of net assets restricted for other purposes created by enabling legislation was \$419,078.

J. Fund Balance Reserves

The Career Center reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

K. Interfund Activity

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

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.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2005, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosure" and GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation".

GASB Statement No. 40 establishes and modifies the disclosure requirements related to investment risks. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

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 may 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;

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
9. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At fiscal year end, the Career Center had \$1,480 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, \$1,343,594 of the Career Center's bank balance of \$1,554,196 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.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The Career Center has no deposit policy for custodial credit 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 105 percent of the deposits being secured.

Investments

As of June 30, 2005, the Career Center had the following investments. Except for the investment in mutual funds, all investments are in an internal investment pool.

	Carrying Value	Maturity
Federal Home Loan Mortgage Corporation Notes	\$500,000	July 7, 2006
Federal Home Loan Mortgage Corporation Notes	500,000	March 17, 2008
Federal Home Loan Bank Bonds	500,000	March 16, 2007
Federal Farm Credit Bank Bonds	495,960	December 29, 2006
Growth Fund of America Mutual Fund	10,225	
Income Fund of America Mutual Fund	15,482	5.93 Years
Washington Mutual Investors Fund	24,692	
STAR Ohio	680,614	30.4 Days
Total Investments	<u>\$2,726,973</u>	

The Career Center's investment policy does not address any restriction on investments relating to interest rate, credit, or custodial credit risks. The investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the Career Center. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, and Federal Farm Credit Bank Bonds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The mutual funds are not rated. The Growth Fund of America and Washington Mutual Investors mutual funds do not have a weighted average life to maturity due to the amount of equity securities that are included in both mutual funds.

The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, and the Federal Farm Credit Bank Bonds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Career Center's name. The investments with the Growth Fund of America and Washington Mutual Investors mutual funds, in the amount of \$34,917, are closed-end mutual funds and are also subject to custodial credit risk.

The Career Center places no limit on the amount of its interim monies it may invest in a particular security. The mutual funds are investments of the Apollo Educational Foundation special revenue fund. The following table indicates the percentage of each investment to the Career Center's total portfolio.

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

	Carrying Value	Percentage of Portfolio
Federal Home Loan Mortgage Corporation Notes	\$1,000,000	36.67%
Federal Home Loan Bank Bonds	500,000	18.34
Federal Farm Credit Bank Bonds	495,960	18.19
Mutual Funds	50,399	1.84
STAR Ohio	680,614	24.96
Total Investments	<u>\$2,726,973</u>	<u>100.00%</u>

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 property, public utility property, and tangible personal (used in business) property located in the area served by the Career Center. Real property tax revenues received in calendar year 2005 represent the collection of calendar year 2004 taxes. Real property taxes received in calendar year 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 property tax revenues received in calendar year 2005 represent the collection of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien on December 31, 2003, were levied after April 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2005 (other than public utility property) represent the collection of calendar year 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 5 - PROPERTY TAXES (continued)

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

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$1,138,501,070	60.80%	\$1,243,509,960	62.75%
Industrial/Commercial	294,322,820	15.72	311,561,720	15.73
Public Utility	91,718,080	4.90	92,573,690	4.67
Tangible Personal	347,919,430	18.58	333,913,318	16.85
Total Assessed Value	<u>\$1,872,461,400</u>	<u>100.00%</u>	<u>\$1,981,558,688</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

NOTE 6 - INTERFUND BALANCES

At June 30, 2005, the General Fund had an unpaid interfund cash advance, in the amount of \$73,200, to other governmental funds to provide cash flow resources until the receipt of grant monies.

NOTE 7 - 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 with various companies for the following insurance coverage:

Building and Contents - Replacement Cost	\$27,385,707
Automobile Liability	2,000,000
Commercial Umbrella	2,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate	3,000,000

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 the prior fiscal year.

For fiscal year 2005, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 7 - RISK MANAGEMENT (continued)

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of ten school districts and the Allen County Educational Service Center. The Career Center pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The Career Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

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.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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 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 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by 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 DBP for the fiscal years ended June 30, 2005, 2004, and 2003 was \$755,321, \$752,324, and \$741,061, respectively; 92 percent has been contributed for fiscal year 2005 and 100 percent has been contributed for fiscal years 2004 and 2003. Contributions for the DCP and CP for the fiscal year ended June 30, 2005, were \$5,453 made by the Career Center and \$10,851 made by plan members.

B. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan 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. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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; 10.57 percent was the portion used to fund pension obligations. 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 was \$152,122, \$126,513, and \$99,115, respectively; 96 percent has been contributed for fiscal year 2005 and 100 percent has been contributed for fiscal years 2004 and 2003.

C. Social Security System

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

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 9 - POSTEMPLOYMENT BENEFITS

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by STRS based on authority granted by State statute. STRS is funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount was \$58,521.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.3 billion at June 30, 2005. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000, and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All members must pay a portion of their premium for health care. 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 percent for those who apply.

For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$78,148 for fiscal year 2005.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805, and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 10 - OTHER EMPLOYEE BENEFITS (continued)

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred thirty days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of fifty-two days.

B. Employee Insurance Benefits

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employee pays 10 percent of the cost of the monthly premium. The premium varies with each employee depending on the terms of the union contract. The School District provides life insurance and accidental death and dismemberment insurance to most employees through AFLAC.

NOTE 11 - LONG-TERM OBLIGATIONS

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

	Balance at 6/30/04	Additions	Reductions	Balance at 6/30/05
Building Assistance Loans 0%	\$1,739,889	\$0	\$133,837	\$1,606,052

Building Assistance Loans - In March 2002, the Career Center obtained an interest-free loan for the construction of an adult education addition, in the amount of \$1,207,564. The portion of the loan pertaining to building construction, \$1,019,779, was issued for a fifteen year period with final maturity in July 2017. The portion of the loan pertaining to equipment, \$187,785, was issued for a five year period, with final maturity in July 2007. The loan is being retired from the Adult Education special revenue fund.

In January 2003, the Career Center obtained an interest-free loan for the construction of an equipment building, in the amount of \$800,000. The loan was issued for a fifteen year period with final maturity in January 2018. The loan is being retired from the Permanent Improvement capital projects fund.

The Career Center's overall debt margin was \$178,340,282 with an unvoted debt margin of \$1,981,559 at June 30, 2005.

Principal and interest requirements to retire the outstanding loans at June 30, 2005, were as follows:

Fiscal year Ending June 30,	Principal
2006	\$133,838
2007	133,837
2008	133,838
2009	133,837
2010	133,838
2011-2015	669,188
2016-2017	267,676
Total	\$1,606,052

**APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 12 - SET ASIDE REQUIREMENTS

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 fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2005.

	Textbooks	Capital Improvements
Balance June 30, 2004	(\$429,732)	\$0
Current Year Set Aside Requirement	96,921	96,921
Qualifying Expenditures	(199,041)	0
Current Year Offsets	0	(96,921)
Amount Carried Forward to Fiscal Year 2006	(\$531,852)	\$0
Set Aside Reserve Balance June 30, 2005	\$0	\$0

The Career Center had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

NOTE 13 - INTERFUND TRANSFERS

During fiscal year 2005, the General Fund transferred \$50,000 to the Adult Education special revenue fund and \$19,000 to other governmental funds to subsidize operations.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. 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 governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2005, the Career Center paid \$8,349 to the NOACSC for various services. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

APOLLO CAREER CENTER
ALLEN COUNTY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 15 - INSURANCE POOLS

A. Ohio School Plan

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

B. Allen County Schools Health Benefits Plan

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each school district decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Don Smith, who serves as Chairman, 204 North Main Street, Lima, Ohio 45801.

C. Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan

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

NOTE 16 - CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2005.

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 16 – CONTINGENCIES (continued)

B. Litigation

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

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

A. GAAP Reporting

Ohio Admin. Code Section 117-2-03 requires the Career Center to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2005, the Career Center prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

B. Appropriations in Excess of Estimated Resources

ORC Section 5705.39 states that total appropriations from each fund shall not exceed total estimated resources of the fund. The following funds had appropriations in excess of estimated resources for the year ended June 30, 2005:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Other State Grants	\$ 24,782	\$ 28,108	\$ (3,326)
Adult Basic Literacy Education	118,160	166,093	(47,933)
Career and Technical	330,014	546,014	(216,000)
Title VI	3,543	7,643	(4,100)
Misc. Federal Grants	2,262	8,200	(5,938)
House Project	320,517	375,312	(54,795)

We're Ready For Your Future

September 29, 2005

The Board of Education
Apollo Career Center
Lima, Ohio 45806

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Apollo 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 September 29, 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 Apollo Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Apollo Career Center in a separate letter dated September 29, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Apollo 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 which are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2005-001 and 2005-002.

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

Rea & Associates, Inc.

We're Ready For Your Future

September 29, 2005

The Board of Education
Apollo Career Center
Lima, Ohio 45806

**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**

Compliance

We have audited the compliance of Apollo 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. Apollo 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 Apollo Career Center's management. Our responsibility is to express an opinion on Apollo 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 Apollo 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 Apollo Career Center's compliance with those requirements.

In our opinion, Apollo 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 Apollo 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 Apollo 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 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.

Schedule of Expenditures of federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Apollo Career Center as of and for the year ended June 30, 2005, which collectively comprise Apollo Career Center's basic financial statements, and have issued our report thereon dated September 29, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Rea & Associates, Inc.

APOLLO CAREER CENTER
ALLEN COUNTY
Schedule of Expenditures of Federal Awards - Cash Basis
For the Fiscal Year Ended June 30, 2005

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Receipts</u>	<u>Federal Disbursements</u>
U.S. Department of Education				
<i>Direct Program</i>				
Pell Administration Reimbursement	84.063	Admin. Reimb.	\$ 938	\$ 938
Pell	84.063	03-04	24,542	24,542
Pell	84.063	04-05	220,034	220,034
Total Pell Grant			<u>245,514</u>	<u>245,514</u>
<i>(Passed through Ohio Department of Education):</i>				
ABLE	84.002	ABS1-2004-C	13,667	13,667
ABLE	84.002	ABS1-2004	37,370	54,721
ABLE	84.002	ABS1-2005	63,647	4,588
Total ABLE Grant			<u>114,684</u>	<u>72,976</u>
Vocational Education - Adult and Secondary	84.048	20C1-2004	159,154	0
	84.048	20C2-2004	56,704	0
	84.048	20C1-2005	204,627	243,730
	84.048	20C2-2005	86,284	86,284
Total Vocational Education Grant			<u>506,769</u>	<u>330,014</u>
Title IV-A	84.168	DRS1-2004	1,969	1,969
Title-II-A	84.367	TRS1-2004	4,101	4,101
Title V	84.298	C2S1-2004	3,878	0
Title V	84.298	C2S1-2005	3,543	3,543
			<u>7,421</u>	<u>3,543</u>
Total U.S. Department of Education			<u>880,458</u>	<u>658,117</u>
U.S. Department of Agriculture				
<i>(Passed through Ohio Department of Education):</i>				
Special Milk Program	10.556	02-PU 2004	4,380	4,380
Total Department of Agriculture-Nutrition Cluster			<u>4,380</u>	<u>4,380</u>
Total Federal Financial Assistance			<u>\$ 884,838</u>	<u>\$ 662,497</u>

APOLLO CAREER CENTER
ALLEN COUNTY
Schedule of Findings and Questioned Costs
June 30, 2005

1. Summary of Auditor's Results

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Vocational Education, CFDA # 84.048
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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GAAP Reporting 2005-001 (Repeat of 2003-001)

Ohio Admin. Code Section 117-2-03 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For the fiscal year 2005, the District prepared its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

APOLLO CAREER CENTER
ALLEN COUNTY
Schedule of Findings and Questioned Costs
June 30, 2005

Appropriations in Excess of Estimated Resources 2005-002

Section 5705.39 of the Ohio Rev. Code states the total appropriations from each fund should not exceed the total estimated revenues of the fund. The following funds had appropriations in excess of estimated resources for the year ended June 30, 2005:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Other State Grants	24,782	28,108	(3,326)
Adult Basic Literacy Education	118,160	166,093	(47,933)
Career and Technical	330,014	546,014	(216,000)
Title VI	3,543	7,643	(4,100)
Misc. Federal	2,262	8,200	(5,938)
House Project	320,517	375,312	(54,795)

3. Findings and Questioned Costs for Federal Awards

None were noted

**APOLLO CAREER CENTER
ALLEN COUNTY**
*Schedule of Prior Audit Findings
June 30, 2005*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Financial Statements – Should be prepared in accordance with generally accepted accounting principles.	No	Not Corrected – The District plans to continue reporting on the cash basis.

Corrective Action Plan

Responsible Contact Person: Greg Bukowski, Treasurer

Finding 2005-001: Ohio Admin. Code Section 117-2-03 (Repeat of 2004-001)

No corrective action plan will be implemented. The District plans to continue reporting on the cash basis.

Finding 2005-002: Ohio Rev. Code Section 5705.39

The District will monitor appropriations against available resources on an ongoing basis to ensure appropriations do not exceed estimated available resources. The responsibility for monitoring the appropriations belongs to the Treasurer.



**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

APOLLO JOINT VOCATIONAL SCHOOL DISTRICT

ALLEN 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
APRIL 4, 2006**