

Apollo Career Center

Allen County, Ohio

Single Audit

July 1, 2006 Through June 30, 2007

Fiscal Year Audited Under GAGAS: 2007

BALESTRA, HARR & SCHERER, CPAs, Inc.

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Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Apollo Joint Vocational School District, Allen County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 7, 2007

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Apollo Career Center
Allen County, Ohio

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Apollo Career Center
Allen County
3325 Shawnee Drive
Lima, OH 45806

To the Board of Education

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio, (the Career Center) as of and for the year ended June 30, 2007, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the Career Center 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 accounting basis other than accounting principles generally accepted in the United States of America. 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, based on our audit, 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 Career Center as of June 30, 2007, and the respective changes in cash basis financial position and the respective budgetary position of the General Fund 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 November 9, 2007, on our consideration of the Career Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Career Center's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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.



Balestra, Harr & Scherer, CPAs, Inc.

November 9, 2007

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
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, 2007, within the limitations of 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

Highlights for fiscal year 2007 are as follows:

Net assets increased by \$1,458,685 from several different sources. Unrestricted net assets increased \$485,714 from enrollment increasing and adding two satellite programs by entering into profit-sharing agreements with one additional exempted village school district. The increase in students increased the Career Center's State Foundation funding by 14.5 percent which also increased all weighted funding by 9.1 percent.

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 cash basis of accounting.

The Career Center has elected to present its financial statements on a 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 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 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 within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

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 Permanent Improvement capital projects fund are the most significant funds.

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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 2007, within the limitations of 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, contributions, and interest 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's activities are presented as governmental activities. All of the Career Center's programs and services are reported here including instruction, support services, noninstructional 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 Permanent Improvement capital projects fund.

Governmental Funds - All 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 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.

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The Career Center as a Whole

Table 1 provides a summary of the Career Center's net assets for fiscal year 2007 and 2006:

Table 1
Net Assets

	Governmental Activities	
	2007	2006*
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$3,784,747	\$1,863,500
Investments	2,088,530	2,551,092
Total Assets	\$5,873,277	\$4,414,592
<u>Net Assets:</u>		
Restricted	2,047,772	1,074,801
Unrestricted	3,825,505	3,339,791
Total Net Assets	\$5,873,277	\$4,414,592

*Certain reclassifications have been made to fiscal year 2006 balances for comparability purposes.

As mentioned previously, total net assets increased \$1,458,685, or 33 percent. The primary reasons contributing to the increase in cash balances were as follows:

1. Allen County began collection of property taxes based on the new appraised values of real estate property generating additional property tax receipts.
2. Additional foundation funding for additional students, in the amount of approximately \$602,000.
3. Additional tuition receipts from the opening of additional satellite education centers and an increase in students in the truck driving academy and licensed practical nurse courses, in the amount of \$572,000.

Table 2 reflects the change in net assets for fiscal year 2007 and 2006.

Table 2
Change in Net Assets

	Governmental Activities	
	2007	2006
<u>Receipts:</u>		
Program Receipts		
Charges for Services	\$3,625,535	\$2,947,094
Operating Grants, Contributions, and Interest	2,773,341	2,701,452
Capital Grants and Contributions	0	45,723
Total Program Receipts	6,398,876	5,694,269

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

	Governmental Activities	
	2007	2006
<u>Receipts:</u> (continued)		
General Receipts		
Property Taxes Levied for General Purposes	\$3,340,495	\$3,145,663
Property Taxes Levied for Permanent Improvements	780,553	754,152
Grants and Entitlements	3,595,985	3,258,195
Interest	226,237	123,433
Miscellaneous	334,691	212,033
Total General Receipts	<u>8,277,961</u>	<u>7,493,476</u>
Total Receipts	<u>14,676,837</u>	<u>13,187,745</u>
<u>Disbursements:</u>		
Instruction:		
Regular	277,968	1,250,746
Special	91,264	85,363
Vocational	5,097,351	3,894,184
Adult/Continuing	2,148,944	2,020,843
Support Services:		
Pupils	612,552	592,214
Instructional Staff	1,180,413	1,023,810
Board of Education	44,339	47,006
Administration	704,183	714,740
Fiscal	418,259	393,381
Operation and Maintenance of Plant	966,248	988,995
Pupil Transportation	7,810	8,160
Central	353,923	383,798
Noninstructional Services	287,320	263,425
Extracurricular Activities	13,009	2,247
Capital Outlay	880,732	841,108
Debt Service:		
Principal Retirement	133,837	107,171
Total Disbursements	<u>13,218,152</u>	<u>12,617,191</u>
Increase in Net Assets	1,458,685	570,554
Net Assets at Beginning of Year	4,414,592	3,844,038
Net Assets at End of Year	<u><u>\$5,873,277</u></u>	<u><u>\$4,414,592</u></u>

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Program receipts are primarily represented by restricted intergovernmental receipts, charges for tuition, fees, customer services, and food service sales. Charges for services increased by 23 percent. The increase is primarily from the tuition received for twelve full-time adult programs and many career enhancement programs. Tuition for these programs was \$2,363,044 of these receipts. In addition, customer service receipts include the sale of one student built house and the usual activities for the 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 58 percent of all governmental disbursements, a 5 percent increase from fiscal year 2006. Other programs which support the instruction process, including pupils, instructional staff, administration, and operation and maintenance of plant account for 26 percent of governmental disbursements, which is comparable to fiscal year 2006.

Disbursements associated with vocational instruction and adult/continuing instruction increased in fiscal year 2007. Vocational instruction disbursements increased as a result of changing coding for academic related classes to vocational classes and from the costs associated with operating two new satellite programs for a full year.

Adult/continuing instruction expenditures increased in fiscal year 2007 due to a large increase in salaries, fringes, and supplies in the Adult Truck Driving program and additional increases in the licensed practical nurse and diversified industrial training programs. The activity relating to adult/continuing instruction is based on the economy of the region and major layoffs in surrounding businesses.

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		Net Cost of Services	
	2007	2006	2007	2006
Instruction:				
Regular	\$277,968	\$1,250,746	\$252,417	\$1,222,057
Special	91,264	85,363	(301,325)	(278,981)
Vocational	5,097,351	3,894,184	2,522,715	1,259,711
Adult/Continuing	2,148,944	2,020,843	(687,607)	(407,702)
				(continued)

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 3
Governmental Activities
(continued)

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Support Services:				
Pupils	\$612,552	\$592,214	\$602,403	\$582,602
Instructional Staff	1,180,413	1,023,810	1,180,413	1,020,610
Board of Education	44,339	47,006	44,339	47,006
Administration	704,183	714,740	704,183	714,740
Fiscal	418,259	393,381	418,259	393,381
Operation and Maintenance of Plant	966,248	988,995	966,248	988,995
Pupil Transportation	7,810	8,160	7,810	8,160
Central	353,923	383,798	350,923	380,798
Noninstructional Services	287,320	263,425	(269,080)	41,019
Extracurricular Activities	13,009	2,247	13,009	2,247
Capital Outlay	880,732	841,108	880,732	841,108
Debt Service:				
Principal Retirement	133,837	107,171	133,837	107,171
Total Disbursements	<u>\$13,218,152</u>	<u>\$12,617,191</u>	<u>\$6,819,276</u>	<u>\$6,922,922</u>

Instructional activities were supported by tax receipts and unrestricted grants and entitlements by 23 percent in fiscal year 2007 which is comparable to fiscal year 2006. Special and adult/continuing instruction activities were fully funded through program receipts. This is the result of operating grants restricted for special instruction purposes and customer charges for adult/continuing instruction purposes.

Noninstructional services includes food service activities. All noninstructional services were covered by program receipts for fiscal year 2007. 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. The General Fund had receipts of \$10,075,201 and disbursements of \$8,689,874. The greatest change within the receipts of the General Fund occurred in intergovernmental receipts as higher enrollment increased the average attendance of students and the weighted vocational funding. Disbursements associated with regular instruction decreased from \$1,250,746 to \$273,668. The \$977,078 change was due to a change in coding. Related academic courses are now coded to vocational instruction. Vocational instruction increased \$1,252,730 from the prior year. Besides the coding change, the Career Center added two new satellite programs in Bluffton, along with normal salary and fringe benefits increases.

The Adult Education special revenue fund had a significant increase in tuition and fees from operating twelve full-time adult programs and many career enhancement programs, with the majority of the increase received from the truck driving and licensed practical nurse courses.

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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 2007, the Career Center amended its General Fund budget as needed. Changes from both the original budget to the final budget and from the final budget to actual receipts were not significant. The same can be said for disbursements.

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 \$717,045. The Career Center received more in State Foundation receipts. Foundation receipts increased from increased enrollment and a higher state reimbursement per pupil. Disbursements increased within the fiscal year for salaries and fringes relating to additional satellites and for normal increases.

Debt Administration

Debt

At June 30, 2007, the Career Center's outstanding debt consisted of interest free loans for the construction of additions to the facilities, in the amount of \$1,365,044. For further information regarding the Career Center's debt, refer to Note 10 to the basic financial statements.

Current Issues

The Career Center has added one and one-half new satellites in fiscal year 2008; a teacher academy at Elida Local School District and a family consumer science program at Bath Local School District.

The Career Center is also constructing space for the truck driving office and range on site in fiscal year 2008. The truck driving range has been on rented land in prior fiscal years.

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
Statement of Net Assets - Cash Basis
June 30, 2007

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$3,784,747
Investments	<u>2,088,530</u>
Total Assets	<u><u>\$5,873,277</u></u>
<u>Net Assets:</u>	
Restricted for:	
Capital Projects	\$1,285,067
Other Purposes	762,705
Unrestricted	<u>3,825,505</u>
Total Net Assets	<u><u>\$5,873,277</u></u>

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2007

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Assets
Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	
<u>Governmental Activities:</u>				
Current:				
Instruction:				
Regular	\$277,968	\$21,312	\$4,239	(\$252,417)
Special	91,264	0	392,589	301,325
Vocational	5,097,351	749,333	1,825,303	(2,522,715)
Adult/Continuing	2,148,944	2,363,044	473,507	687,607
Support Services:				
Pupils	612,552	0	10,149	(602,403)
Instructional Staff	1,180,413	0	0	(1,180,413)
Board of Education	44,339	0	0	(44,339)
Administration	704,183	0	0	(704,183)
Fiscal	418,259	0	0	(418,259)
Operation and Maintenance of Plant	966,248	0	0	(966,248)
Pupil Transportation	7,810	0	0	(7,810)
Central	353,923	0	3,000	(350,923)
Noninstructional Services	287,320	491,846	64,554	269,080
Extracurricular Activities	13,009	0	0	(13,009)
Capital Outlay	880,732	0	0	(880,732)
Debt Service:				
Principal Retirement	133,837	0	0	(133,837)
Total Governmental Activities	\$13,218,152	\$3,625,535	\$2,773,341	(6,819,276)
<u>General Receipts:</u>				
Property Taxes Levied for:				
General Purposes				3,340,495
Permanent Improvements				780,553
Grants and Entitlements not Restricted to Specific Programs				3,595,985
Interest				226,237
Miscellaneous				334,691
				8,277,961
Total General Receipts				8,277,961
Change in Net Assets				1,458,685
Net Assets at Beginning of Year				4,414,592
Net Assets at End of Year				\$5,873,277

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2007

	General	Adult Education	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$1,736,975	\$554,568	\$1,285,067	\$208,137	\$3,784,747
Investments	2,088,530	0	0	0	2,088,530
Total Assets	<u>3,825,505</u>	<u>554,568</u>	<u>1,285,067</u>	<u>208,137</u>	<u>5,873,277</u>
<u>Fund Balances:</u>					
Reserved for Encumbrances	\$668,282	\$122,878	\$873,617	\$7,368	\$1,672,145
Unreserved, Reported in:					
General Fund	3,157,223	0	0	0	3,157,223
Special Revenue Funds	0	431,690	0	200,769	632,459
Capital Projects Fund	0	0	411,450	0	411,450
Total Fund Balances	<u>\$3,825,505</u>	<u>\$554,568</u>	<u>\$1,285,067</u>	<u>\$208,137</u>	<u>\$5,873,277</u>

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Adult Education	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$3,340,495	\$0	\$780,553	\$0	\$4,121,048
Intergovernmental	5,322,676	354,957	116,623	553,175	6,347,431
Interest	226,237	20,147	0	1,748	248,132
Tuition and Fees	642,683	2,363,044	0	0	3,005,727
Charges for Services	402,717	0	0	217,091	619,808
Miscellaneous	140,393	193,714	584	0	334,691
Total Receipts	10,075,201	2,931,862	897,760	772,014	14,676,837
<u>Disbursements:</u>					
Current:					
Instruction:					
Regular	273,668	0	0	4,300	277,968
Special	91,264	0	0	0	91,264
Vocational	4,882,315	0	4,372	210,664	5,097,351
Adult/Continuing	0	2,111,114	0	37,830	2,148,944
Support Services:					
Pupils	512,732	55,015	0	44,805	612,552
Instructional Staff	478,207	529,762	0	172,444	1,180,413
Board of Education	44,339	0	0	0	44,339
Administration	667,847	0	20,652	15,684	704,183
Fiscal	401,633	0	16,626	0	418,259
Operation and Maintenance of Plant	955,524	5,168	5,556	0	966,248
Pupil Transportation	7,810	0	0	0	7,810
Central	353,923	0	0	0	353,923
Non-Instructional Services	4,101	0	0	283,219	287,320
Extracurricular Activities	13,009	0	0	0	13,009
Capital Outlay	3,502	0	877,230	0	880,732
Debt Service:					
Principal Retirement	0	80,504	53,333	0	133,837
Total Disbursements	8,689,874	2,781,563	977,769	768,946	13,218,152
Excess of Receipts Over (Under) Disbursements	1,385,327	150,299	(80,009)	3,068	1,458,685
<u>Other Financing Sources (Uses):</u>					
Advances In	88,418	0	0	78,418	166,836
Advances Out	(78,418)	0	0	(88,418)	(166,836)
Transfers In	0	50,000	675,000	0	725,000
Transfers Out	(725,000)	0	0	0	(725,000)
Total Other Financing Sources (Uses)	(715,000)	50,000	675,000	(10,000)	0
Changes in Fund Balances	670,327	200,299	594,991	(6,932)	1,458,685
Fund Balances at Beginning of Year	3,155,178	354,269	690,076	215,069	4,414,592
Fund Balances at End of Year	\$3,825,505	\$554,568	\$1,285,067	\$208,137	\$5,873,277

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts:</u>				
Property Taxes	\$3,112,388	\$3,204,647	\$3,340,495	\$135,848
Intergovernmental	4,995,151	5,502,892	5,322,676	(180,216)
Interest	188,339	188,339	226,237	37,898
Tuition and Fees	655,966	656,086	642,683	(13,403)
Charges for Services	286,600	403,528	402,717	(811)
Miscellaneous	155,532	142,004	140,393	(1,611)
Total Receipts	9,393,976	10,097,496	10,075,201	(22,295)
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	1,392,900	280,500	273,844	6,656
Special	95,200	95,200	93,925	1,275
Vocational	4,034,280	5,584,763	5,215,361	369,402
Support Services:				
Pupils	594,900	575,900	534,183	41,717
Instructional Staff	468,600	529,303	511,493	17,810
Board of Education	50,300	52,600	45,239	7,361
Administration	668,100	655,100	735,774	(80,674)
Fiscal	398,500	398,500	434,476	(35,976)
Operation and Maintenance of Plant	1,006,000	1,006,000	1,093,298	(87,298)
Pupil Transportation	9,000	9,000	9,013	(13)
Central	356,681	356,681	390,518	(33,837)
Non-Instructional Services	1,600	4,600	4,101	499
Extracurricular Activities	3,300	7,450	13,009	(5,559)
Capital Outlay	4,000	4,000	3,922	78
Total Disbursements	9,083,361	9,559,597	9,358,156	201,441
Excess of Receipts Over Disbursements	310,615	537,899	717,045	179,146
<u>Other Financing Sources (Uses):</u>				
Advances In	83,600	295,233	88,418	(206,815)
Advances Out	(100,000)	(194,083)	(78,418)	115,665
Transfers Out	(50,000)	(724,500)	(725,000)	(500)
Total Other Financing Sources (Uses)	(66,400)	(623,350)	(715,000)	(91,650)
Changes in Fund Balance	244,215	(85,451)	2,045	87,496
Fund Balance at Beginning of Year	2,954,540	2,954,540	2,954,540	0
Prior Year Encumbrances Appropriated	200,638	200,638	200,638	0
Fund Balance at End of Year	\$3,399,393	\$3,069,727	\$3,157,223	\$87,496

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$365,000	\$365,375	\$354,957	(\$10,418)
Interest	14,000	20,000	20,147	147
Tuition and Fees	2,132,800	2,319,800	2,363,044	43,244
Miscellaneous	47,000	190,000	193,714	3,714
Total Receipts	2,558,800	2,895,175	2,931,862	36,687
<u>Disbursements:</u>				
Current:				
Instruction:				
Vocational	2,116,375	2,446,375	2,198,247	248,128
Support Services:				
Pupils	21,000	58,000	56,207	1,793
Instructional Staff	490,000	585,000	564,315	20,685
Operation and Maintenance of Plant	5,000	5,000	5,168	(168)
Debt Service:				
Principal Retirement	81,000	81,000	80,504	496
Total Disbursements	2,713,375	3,175,375	2,904,441	270,934
Excess of Receipts Over (Under) Disbursements	(154,575)	(280,200)	27,421	307,621
<u>Other Financing Sources</u>				
Transfers In	0	0	50,000	50,000
Changes in Fund Balance	(154,575)	(280,200)	77,421	357,621
Fund Balance at Beginning of Year	253,551	253,551	253,551	0
Prior Year Encumbrances Appropriated	100,718	100,718	100,718	0
Fund Balance at End of Year	\$199,694	\$74,069	\$431,690	\$357,621

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Cash Basis Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$154,779	\$47,664
<u>Net Assets:</u>		
Endowments	\$30,761	\$0
Held in Trust for Scholarships	124,018	0
Held for Student Activities	0	47,618
Undistributed Monies	0	46
Total Net Assets	\$154,779	\$47,664

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Statement of Cash Basis Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2007

<u>Additions:</u>	
Contributions	\$16,863
Interest	16,026
Other	<u>13,122</u>
Total Additions	46,011
 <u>Deductions:</u>	
Non-Instructional Services	<u>24,688</u>
Change in Net Assets	21,323
Net Assets at Beginning of Year	<u>133,456</u>
Net Assets at End of Year	<u><u>\$154,779</u></u>

See Accompanying Notes to Basic Financial Statements

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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-nine classified employees, seventy-seven certified teaching personnel, and nine administrators who provide services to seven hundred seventeen students and other community members. The Career Center currently operates six 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, Schools of Ohio Risk Sharing Authority, 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 a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include 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 Principles 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.

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.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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, contributions, and interest 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 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.

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 Career Center 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 Career Center account for grants and other resources whose use is restricted to a particular purpose.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 funds account for unallocated Pell grants and various staff-managed and student-managed activities.

C. Basis of Accounting

The Career Center's financial statements are prepared using the 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 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, the certificate of estimated resources, and the appropriations resolution, all 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.

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

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".

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

During fiscal year 2007, the Career Center's investments included nonnegotiable 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, 2007.

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 2007 was \$226,237, which included \$47,195 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.

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 cash basis of accounting used by the Career Center.

H. Long-Term Obligations

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. There were no net assets restricted by enabling legislation as of June 30, 2007.

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.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

K. Interfund Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 disbursements to the funds that initially paid for them are not presented on the financial statements.

NOTE 3 - 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;
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;

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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.

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, \$300,000 of the Career Center's bank balance of \$3,377,889 was covered by Federal Deposit Insurance. The remaining balance was covered by a 105% public depository pool, which was collateralized with securities held by the pledging financial institution trust department but not in the Career Center's name. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

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, 2007, the Career Center had the following investments.

	Carrying Value	Maturity
Federal Home Loan Bank Bonds	\$492,412	October 12, 2007
Federal National Mortgage Association Notes	504,219	February 1, 2008
Federal Home Loan Mortgage Corporation Notes	500,000	March 17, 2008
Federal Home Loan Bank Bonds	500,000	December 15, 2008
Growth Fund of America Mutual Fund	23,833	
Income Fund of America Mutual Fund	20,567	3.6 Years
Washington Mutual Investors Mutual Fund	32,533	
Fundamental Investors Mutual Fund	14,966	
STAR Ohio	906,828	38.56 Days
Total Investments	\$2,995,358	

Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless 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.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and Federal Home Loan Bank Bonds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAAM by Standard and Poor’s. The mutual funds are not rated. The Growth Fund of America, Income Fund of America, Washington Mutual Investors, and Fundamental Investors mutual funds do not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds consist exclusively of obligations described in division 1 or 2 on page 22 and repurchase agreements secured by such obligations and that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Career Center’s investments are either insured and registered in the name of the Career Center or at least registered in the name of the Career Center.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single user. 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.

	Carrying Value	Percentage of Portfolio
Federal Home Loan Bank Bonds	\$992,412	33.13%
Federal National Mortgage Association Notes	504,219	16.83
Federal Home Loan Mortgage Corporation Notes	500,000	16.69
Growth Fund of America Mutual Fund	23,833	0.80
Income Fund of America Mutual Fund	20,567	0.69
Washington Mutual Investors Mutual Fund	32,533	1.09
Fundamental Investors Mutual Fund	14,966	0.50
STAR Ohio	906,828	30.27
Total Investments	\$2,995,358	100.0%

NOTE 4 - 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 2007 represent the collection of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien on December 31, 2005, were levied after April 1, 2006, 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.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2006 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2005. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$1,286,253,090	65.53%	\$1,391,795,310	69.36%
Industrial/Commercial	324,801,460	16.55	341,716,550	17.03
Public Utility	89,092,020	4.54	89,005,030	4.44
Tangible Personal	262,815,590	13.38	184,098,224	9.17
Total Assessed Value	<u>\$1,962,962,160</u>	<u>100.00%</u>	<u>\$2,006,615,114</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

NOTE 5 - 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 2007, the Career Center contracted with various companies for the following insurance coverage:

Building and Contents - Replacement Cost	\$29,288,103
Automobile Liability	1,000,000
Commercial Umbrella	5,000,000
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.

In fiscal year 2007, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 6 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The Career Center had the following contractual commitments outstanding as of June 30, 2007:

<u>Contractor</u>	<u>Purpose</u>	<u>Commitment</u>
Smith Boughan, Inc.	Truck Driving Range	\$23,000
Miller Contracting	Truck Driving Range	304,482
Quality Mechanical Services	Truck Driving Range	27,997
Sprint Electric	Truck Driving Range	2,500
Quality Mechanical Services	Moving HVAC Unit	114,200
Sprint Electric	Moving HVAC Unit	92,730

NOTE 7 - 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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, 2007, 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, 2007, 2006, and 2005 was \$796,271, \$696,483, and \$657,221, respectively; 84 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005. Contributions for the DCP and CP for the fiscal year ended June 30, 2007, are not yet available.

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, 2006, 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 2007 was 14 percent of annual covered payroll; 10.68 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, 2007, 2006, and 2005 was \$223,472, \$173,940, and \$145,584, respectively; 96 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

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, 2007, five of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 8 - POSTEMPLOYMENT BENEFITS

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

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. 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 2007, 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 \$56,876.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.5 billion at June 30, 2006 (the latest available information). For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000, and STRS had 119,184 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 health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 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 2007, the minimum pay was established at \$35,800. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$77,257 for fiscal year 2007.

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, 2006 (the latest available information), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants currently receiving health care benefits.

NOTE 9 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred 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-seven 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 Career Center provides life insurance and accidental death and dismemberment insurance to all contract employees through AFLAC.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 10 - LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during fiscal year 2007 were as follows:

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07	Due Within One Year
Building Assistance Loans 0%	\$1,498,881	\$0	\$133,837	\$1,365,044	\$160,504

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 fourteen year period with final maturity in January 2017. The loan is being retired from the Permanent Improvement capital projects fund.

The Career Center's overall debt margin was \$156,089,023 with an unvoted debt margin of \$1,734,322 at June 30, 2007.

Principal requirements to retire the outstanding loans at June 30, 2007, were as follows:

Fiscal year Ending June 30,	Principal
2008	\$160,504
2009	133,838
2010	133,838
2011	133,838
2012	133,838
2013-2017	669,188
Total	<u>\$1,365,044</u>

NOTE 11 – ACCOUNTABILITY AND COMPLIANCE

Ohio Administrative Code Section 117-2-03 requires the Career Center to prepare its annual financial report in accordance with general accepted accounting principles. For fiscal year 2007, 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.

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.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2007.

	Textbooks	Capital Improvements
Balance June 30, 2006	(\$677,622)	\$0
Current Year Set Aside Requirement	119,999	119,999
Qualifying Expenditures	(303,354)	0
Current Year Offsets	0	(119,999)
Amount Carried Forward to Fiscal Year 2008	(\$860,977)	\$0
Set Aside Reserve Balance June 30, 2007	\$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 ACTIVITY

During fiscal year 2007, the General Fund transferred \$50,000 to the Adult Education special revenue fund and \$675,000 to the Permanent Improvement capital projects fund to subsidize operations.

During fiscal year 2007, the General Fund advanced \$78,418 to nonmajor governmental funds to provide operating support grant funds. The General Fund was reimbursed as funds in these nonmajor governmental funds became available.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

The Career Center 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 2007, the Career Center paid \$30,298 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

NOTE 15 - INSURANCE POOLS

A. Schools of Ohio Risk Sharing Authority

The Career Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated 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. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and established agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

Apollo Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 participants. Each participant'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 participant 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 the Allen County Schools Health Benefits Plan, 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, 2007.

B. Litigation

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the general fund and adult education fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding for year ended June 30, 2007 amounted to \$668,282 and \$122,878, respectively, for the general fund and the adult education fund.

Apollo Career Center
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2007

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
Food Donation	NA	10.550	\$ -	\$ 8,319	\$ -	\$ 8,319
<i>Nutrition Cluster:</i>						
National School Lunch Program	LL-P4	10.555	53,143	-	53,143	-
Total - Nutrition Cluster			53,143	-	53,143	-
Total United States Department of Agriculture			53,143	8,319	53,143	8,319
United States Department of Education						
<i>Direct from the Federal Government</i>						
<i>Student Financial Aid Cluster:</i>						
Federal Pell Grant Program	N	84.063	277,738	-	277,738	-
Total Student Financial Aid Cluster			277,738	-	277,738	-
<i>Passed through the Ohio Department of Education</i>						
Vocational Education - Basic Grants to States	20-C2	84.048	315,371	-	323,334	-
Safe and Drug Free Schools and Communities - State Grants	DR-S1	84.186	2,424	-	2,424	-
Adult Education - State Grant Program	ABS1	84.002	64,358	-	64,358	-
State Grants for Innovative Programs	C2-S1	84.298	1,815	-	1,815	-
Improving Teacher Quality State Grants	TR-S1	84.367	5,149	-	5,149	-
Total United States Department of Education			666,855	-	674,818	-
Total Federal Financial Assistance			\$ 719,998	\$ 8,319	\$ 727,961	\$ 8,319

NA - Pass Through Entity Number is Not Available
N - Direct from the Federal Government

See Accompanying Notes to the Schedule of Federal Awards Expenditures

Apollo Career Center
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2007

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION

Program regulations do not require the Career Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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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*

Apollo Career Center
3325 Shawnee Drive
Lima, OH 45806

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, (the Career Center), as of and for the year ended June 30, 2007, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated November 9, 2007, wherein we noted the Career Center followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Career Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Career Center's financial statements that is more than inconsequential will not be prevented or detected by the Career Center's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Career Center's internal control.

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

Apollo Career Center

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*

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, and is reported on the accompanying Schedule of Findings and Questioned Costs under item No. 2007-001.

We noted a certain matter that we reported to management of the Career Center in a separate letter dated November 9, 2007.

The Career Center's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Career Center's response and, accordingly, we express no opinion on it.

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



Balestra, Harr & Scherer, CPAs, Inc.

November 9, 2007

BALESTRA, HARR & SCHERER CPAs, INC.

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Apollo Career Center
3325 Shawnee Drive
Lima, OH 45806

Compliance

We have audited the compliance of the Apollo Career Center, (the 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 its major federal program for the year ended June 30, 2007. The Career Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, the Career Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Career Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Career Center's internal control over compliance.

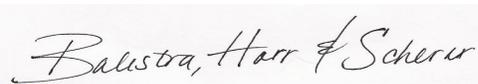
Internal Control Over Compliance (Continued)

A control deficiency in the Career Center's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Career Center's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Career Center's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Career Center's internal control.

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

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



Balestra, Harr & Scherer, CPAs, Inc.

November 9, 2007

Apollo Career Center
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 Section .505
 June 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

The District should take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Client Response:

The Apollo Career Center Board plans to continue reporting on the cash basis. No corrective action plan will be implemented.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Apollo Career Center
Schedule of Prior Audit Findings
June 30, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Ohio Administrative Code Section 117-2-03(B)-Not reporting GAAP	No	Not Corrected. Reissued as finding 2007-001.



Mary Taylor, CPA
Auditor of State

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
DECEMBER 20, 2007**