



**Mary Taylor, CPA**  
Auditor of State



**EHOVE CAREER CENTER  
ERIE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

EHOVE Career Center  
Erie County  
316 Mason Road West  
Milan, Ohio 44846-9771

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 EHOVE Career Center, Erie County, Ohio (the Career Center), as of and for the year ended June 30, 2008, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the EHOVE Career Center, Erie County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Career Center's basic financial statements. The schedule of federal awards receipts and expenditures provides additional information and is not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 3, 2008

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED**

The management's discussion and analysis of the EHOVE Career Center (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities increased \$35,776 which represents a 0.64% increase from 2007.
- General revenues accounted for \$11,813,598 in revenue or 70.63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,913,609 or 29.37% of total revenues of \$16,727,207.
- The Career Center had \$16,691,431 in expenses related to governmental activities; only \$4,913,609 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,813,598 were adequate to provide for these programs.
- The Career Center has two major governmental funds; the general fund and the adult education fund. The general fund had \$12,061,197 in revenues and \$12,092,531 in expenditures and other financing uses. During fiscal 2008, the general fund's fund balance decreased \$33,028 from \$5,231,041 to \$5,198,013.
- Another of the Career Center's major governmental funds is the adult education fund. The adult education fund had \$2,865,169 in revenues and other financing sources and \$2,714,571 in expenditures. During fiscal 2008, the adult education fund's fund balance increased \$142,088 from a deficit fund balance of \$117,546 to a positive fund balance of \$24,542.

**Using the Basic Financial Statements**

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

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

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Reporting the Career Center as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, and food service operations.

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

***Fund Financial Statements***

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

***Governmental Funds***

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



**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

***Reporting the Career Center's Fiduciary Responsibilities***

The Career Center acts in a trustee capacity as an agent for individuals and other governments or organizations. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate statement of fiduciary net assets. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**The Career Center as a Whole**

The statement of net assets provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net assets for 2008 and 2007.

	<b>Net Assets</b>	
	Governmental Activities	Governmental Activities
	<u>2008</u>	<u>2007</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 12,239,534	\$ 12,502,118
Capital assets, net	<u>2,028,936</u>	<u>2,141,484</u>
 Total assets	 <u>14,268,470</u>	 <u>14,643,602</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,120,698	6,837,753
Long-term liabilities	<u>2,495,743</u>	<u>2,189,596</u>
 Total liabilities	 <u>8,616,441</u>	 <u>9,027,349</u>
<b><u>Net Assets</u></b>		
Invested in capital		
assets, net of related debt	630,271	767,484
Restricted for capital projects	298,701	
Restricted for state funded programs	100	101
Restricted for other purposes	1,561	1,981
Unrestricted	<u>4,721,396</u>	<u>4,846,687</u>
 Total net assets	 <u>\$ 5,652,029</u>	 <u>\$ 5,616,253</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the Career Center's assets exceeded liabilities by \$5,652,029.

**EHOVE CAREER CENTER  
ERIE COUNTY**

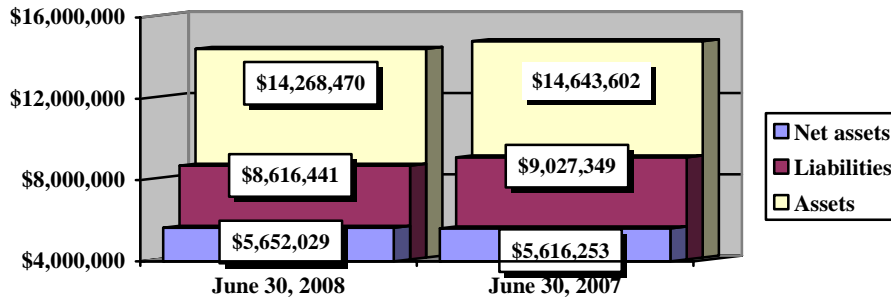
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

At year-end, capital assets represented 14.22% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$630,271. These capital assets are used to provide services to the students and are not available for future spending.

Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The Career Center had no bonded debt outstanding at June 30, 2008; however, the Career Center did have a school improvement notes outstanding at June 30, 2008.

A portion of the Career Center's net assets, \$300,362 represent resources that are subject to external restrictions on how they may be used. The remaining Career Center's net assets, \$4,721,396 are unrestricted net assets and may be used to meet the Career Center's ongoing obligations to the students and creditors.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2008 and 2007.

	<b>Change in Net Assets</b>	
	Governmental Activities 2008	Governmental Activities 2007
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,422,473	\$ 2,419,363
Operating grants and contributions	2,491,136	2,278,184
General revenues:		
Property taxes	6,142,336	6,175,469
Grants and entitlements	5,305,769	5,268,557
Investment earnings	202,762	335,410
Miscellaneous	162,731	177,626
<b>Total revenues</b>	<b>16,727,207</b>	<b>16,654,609</b>

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

	<b>Change in Net Assets</b>	<b>Change in Net Assets</b>
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	1,108,311	852,928
Special	573,797	553,340
Vocational	5,429,870	5,759,554
Adult continuing education	3,255,255	3,517,520
Support services:		
Pupil	971,656	1,003,014
Instructional staff	246,253	199,242
Board of education	44,854	59,746
Administration	2,023,710	1,843,276
Fiscal	358,734	376,509
Business	262,003	252,026
Operations and maintenance	1,632,857	1,679,859
Pupil transportation	7,352	25,712
Central	408,858	361,641
Operations of non-instructional services		
Food service operations	307,742	274,157
Other non instructional services	25	3,103
Interest and fiscal charges	<u>60,154</u>	<u>58,270</u>
 Total expenses	 <u>16,691,431</u>	 <u>16,819,897</u>
 Change in net assets	 35,776	 (165,288)
Net assets at beginning of year	<u>5,616,253</u>	<u>5,781,541</u>
Net assets at end of year	<u>\$ 5,652,029</u>	<u>\$ 5,616,253</u>

**Governmental Activities**

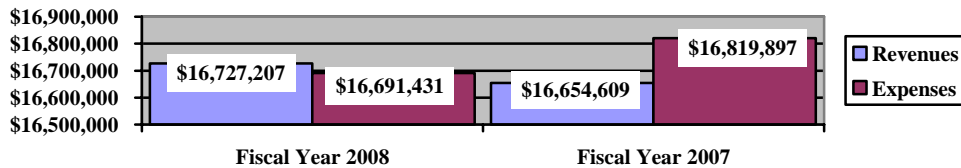
Net assets of the Career Center's governmental activities have increased by \$35,776 or 0.64% from 2007. Vocational expense is the predominant expense line item of the Career Center, totaling \$5,429,870 or 32.53% of total expenses. Total governmental expenses of \$16,691,431 were offset by program revenues of \$4,913,609 and general revenues of \$11,813,598. Program revenues supported 29.43% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These two revenue sources represent 68.44% of total governmental revenue.

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2008 and 2007.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by general revenues.

**Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
<b>Program expenses</b>				
Instruction:				
Regular	\$ 1,108,311	\$ 1,023,419	\$ 852,928	\$ 852,928
Special	573,797	573,697	553,340	526,221
Vocational	5,429,870	4,875,978	5,759,554	5,409,675
Adult continuing education	3,255,255	221,678	3,517,520	397,600
Support services:				
Pupil	971,656	639,017	1,003,014	644,012
Instructional staff	246,253	246,253	199,242	199,242
Board of education	44,854	44,854	59,746	57,293
Administration	2,023,710	1,453,175	1,843,276	1,283,525
Fiscal	358,734	353,734	376,509	371,509
Business	262,003	262,003	252,026	252,026
Operations and maintenance	1,632,857	1,607,815	1,679,859	1,658,162
Pupil transportation	7,352	7,352	25,712	25,712
Central	408,858	400,071	361,641	351,010
Operations of non-instructional services				
Food service operations	307,742	8,597	274,157	32,062
Other non-instructional services	25	25	3,103	3,103
Interest and fiscal charges	60,154	60,154	58,270	58,270
<b>Total expenses</b>	<b>\$ 16,691,431</b>	<b>\$ 11,777,822</b>	<b>\$ 16,819,897</b>	<b>\$ 12,122,350</b>

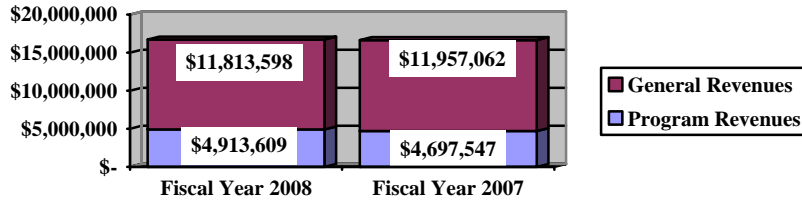
The dependence upon tax and other general revenues for governmental activities is apparent, 64.58% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.56%. The Career Center's taxpayers, as a whole, are the primary support for Career Center's students.

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

The graph below presents the Career Center's governmental activities revenue for fiscal years 2008 and 2007.

**Governmental Activities - General and Program Revenues**



**The Career Center's Funds**

The Career Center's governmental funds reported a combined fund balance of \$5,559,466, which is higher than last year's total of \$5,091,880. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance (deficit) June 30, 2007	Increase (Decrease)
General	\$ 5,198,013	\$ 5,231,041	\$ (33,028)
Adult education	24,542	(117,546)	142,088
Other governmental	<u>336,911</u>	<u>(21,615)</u>	<u>358,526</u>
<b>Total</b>	<u><b>\$ 5,559,466</b></u>	<u><b>\$ 5,091,880</b></u>	<u><b>\$ 467,586</b></u>

An analysis of the general fund revenues and expenditures is provided in the section below. The increase in the fund balances of the other governmental funds is primarily due to a \$298,701 increase in the fund balance of the permanent improvement fund (a nonmajor governmental fund). The increase in the fund balances of other governmental funds was a result of the Career Center issuing notes in the amount of \$400,000 for the purpose of improving, renovating, furnishing and equipping school buildings as accounted for in the permanent improvement fund (a nonmajor governmental fund).

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**General Fund**

The Career Center's general fund balance decreased \$33,028 from \$5,231,041 to \$5,198,013. The table that follows assists in illustrating the fiscal year revenues and expenses of the general fund.

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 6,145,256	\$ 6,047,402	1.62%
Tuition	7,100	6,525	8.81%
Earnings on investments	230,887	306,595	(24.69)%
Intergovernmental	5,569,727	5,268,557	5.72%
Other	<u>108,227</u>	<u>80,578</u>	34.31%
Total	<u>\$ 12,061,197</u>	<u>\$ 11,709,657</u>	3.00%
	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 6,460,937	\$ 6,496,751	(0.55)%
Support services	4,895,092	4,617,863	6.00%
Facilities acquisition and construction	268,848	141,117	90.51%
Debt service	<u>142,154</u>	<u>141,567</u>	0.41%
Total	<u>\$ 11,767,031</u>	<u>\$ 11,397,298</u>	3.24%

The Career Center's earnings on investments decreased in 2008 due to a reduction of interest earning accounts held by the Career Center. Debt service expenditures remained steady from the previous year. Facilities acquisition and construction expenditures increased as a result of various renovations throughout school buildings.

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

***Adult Education Fund***

The Career Center's adult education fund's fund balance increased by \$142,088, from a fund balance deficit of \$117,546 to a positive fund balance of \$24,542. The table that follows assists in illustrating the fiscal year revenues and expenses of the adult education fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Tuition	\$ 1,945,494	\$ 2,088,495	(6.85)%
Intergovernmental	511,520	547,749	(6.61)%
Other	<u>87,155</u>	<u>102,196</u>	(14.72)%
 Total	 <u>\$ 2,544,169</u>	 <u>\$ 2,738,440</u>	 (7.09)%
<b><u>Expenditures</u></b>			
Instruction	\$ 2,037,587	\$ 2,264,561	(10.02)%
Support services	<u>676,984</u>	<u>689,545</u>	(1.82)%
 Total	 <u>\$ 2,714,571</u>	 <u>\$ 2,954,106</u>	 (8.11)%

The Career Center's adult education fund experienced an overall decrease in both expenditures and revenues. However, expenditures decreased at a higher rate than revenues allowing the adult education fund to pull out of a deficit fund balance from fiscal year 2007. A decrease in admissions and intergovernmental revenues resulted in reduced expenditures in instruction and support services.

***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues and other financing sources of \$11,850,000 were equal to the original budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2008 was \$12,328,166. This represents a \$478,166 increase over the final budgeted amounts. This increase is primarily due to actual taxes being \$305,083 higher than budgeted and to intergovernmental revenues being \$115,832 higher than budgeted.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$12,129,365 were increased \$299,400 to \$12,428,765 in the final budget as a result of increased appropriations for transfers out. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$12,340,068, which was \$88,697 less than the final budget appropriations.

**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2008, the Career Center had \$2,028,936 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2008 balances compared to 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 396,420	\$ 396,420
Construction in progress	106,665	
Buildings and improvements	1,123,213	1,241,412
Furniture and equipment	281,920	353,192
Vehicles	120,718	150,460
Total	\$ 2,028,936	\$ 2,141,484

Total additions to capital assets for 2008 were \$178,170. The overall decrease in capital assets of \$112,548 is primarily due to current year depreciation expense of \$290,718 exceeding additions.

See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

***Debt Administration***

At June 30, 2008, the Career Center had \$1,692,000 in school improvement notes outstanding. Of this total, \$104,000 is due within one year and \$1,588,000 is due within greater than one year. The following table summarizes the debt outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2008	2007
School improvement note	\$ 1,692,000	\$ 1,374,000

See Note 9 to the basic financial statements for additional information on the Career Center's debt administration.



**EHOVE CAREER CENTER  
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
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**Current Financial Related Activities**

The Career Center is reporting an overall increase in net assets of \$35,776 using the accrual accounting GASB 34 Model. As the financial statements report, the Career Center relies heavily upon grants, entitlements, and local property taxes (over 97% of general revenues). The reduction in tangible personal property tax revenues or approximately \$250,000 each year ending in 2011 will have a dramatic effect on the revenues collected locally. While revenues from the State of Ohio will replace those lost, our projected new tax revenues for financial statement purposes are being reduced by a significant amount. The Career Center experienced increased real property tax in fiscal years 2007 and 2008 which is a result of the six year property tax re-valuation update. The Career Center believes this additional tax revenue, along with the Career Center's cash balance, will provide the necessary funds to meet its operating expenses in future years. EHOVE Career Center continues to project a positive cash balance in the fifth year of the current Five-Year Forecast.

The Career Center renewed a 1½ mill tax levy in November 2005. This levy provides \$2,500,000 in tax revenue and was renewed for five years. The Career Center renewed a ½ mill levy in 2008. Both levies are renewed for 5 year periods of time and remain crucial to the stability of the Career Center.

The Career Center committed \$1.5 million for the replacement of 40 year old equipment and for portable classrooms much needed due to a lack space at the Career Center by entering into a note agreement with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program). The proceeds of the note were received in fiscal year 2006 on July 7, 2005. The principal amount of the notes is \$1,527,000, with an interest rate of 4.225%. The Career Center began making payments in January 2006. This repayment will reduce future revenues available for the operation of the Career Center.

The Career Center committed \$400,000 for a new modular classroom and infrastructure improvements to move the Adult Education Programs onto EHOVE's campus in fiscal year 2008. EHOVE Career Center borrowed these monies by entering into a note agreement with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program). The principal amount of the notes is \$400,000, interest rate of 4.11%, with payments starting in November 2008. While this repayment will reduce future revenues available for the operation of the Career Center, the savings to the Career Center in rental expenses will pay for these notes in less than 5 years.

In conclusion, the Career Center has committed itself to excellence for many years and will continue to be both innovative, and a leader, in the education and training of students in the three county area. These financial statements represent the continued effort to keep our residents informed of the excellent use of their tax dollars for career technical training needed by our students and expected by our business partners.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Larry Hanneman, Treasurer, EHOVE Career Center, 316 W. Mason Road, Milan, Ohio 44846.

**EHOVE CAREER CENTER  
ERIE COUNTY**

STATEMENT OF NET ASSETS  
JUNE 30, 2008

		<b>Governmental Activities</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$	5,795,211
Receivables:		
Taxes . . . . .		6,105,603
Accounts . . . . .		142,935
Intergovernmental . . . . .		106,728
Accrued interest . . . . .		27,758
Prepayments . . . . .		17,354
Materials and supplies inventory . . . . .		43,945
Capital assets:		
Land and construction in progress . . . . .		503,085
Depreciable capital assets, net . . . . .		1,525,851
Total capital assets, net . . . . .		2,028,936
 Total assets. . . . .		 14,268,470
 <b>Liabilities:</b>		
Accounts payable. . . . .		33,160
Contracts payable. . . . .		31,798
Accrued wages and benefits . . . . .		785,095
Pension obligation payable. . . . .		219,580
Intergovernmental payable . . . . .		40,337
Unearned revenue . . . . .		5,010,728
Long-term liabilities:		
Due within one year. . . . .		179,882
Due in more than one year . . . . .		2,315,861
Total liabilities. . . . .		8,616,441
 <b>Net Assets:</b>		
Invested in capital assets, net of related debt. . . . .		630,271
Restricted for:		
Capital projects. . . . .		298,701
State funded programs . . . . .		100
Other purposes . . . . .		1,561
Unrestricted . . . . .		4,721,396
Total net assets. . . . .	\$	5,652,029

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,108,311	\$ 81,489	\$ 3,403	\$ (1,023,419)
Special . . . . .	573,797		100	(573,697)
Vocational . . . . .	5,429,870	219,250	334,642	(4,875,978)
Adult continuing education . . . . .	3,255,255	1,445,416	1,588,161	(221,678)
Support services:				
Pupil . . . . .	971,656	35,970	296,669	(639,017)
Instructional staff . . . . .	246,253			(246,253)
Board of education . . . . .	44,854			(44,854)
Administration . . . . .	2,023,710	424,480	146,055	(1,453,175)
Fiscal . . . . .	358,734		5,000	(353,734)
Business . . . . .	262,003			(262,003)
Operations and maintenance . . . . .	1,632,857	19,786	5,256	(1,607,815)
Pupil transportation . . . . .	7,352			(7,352)
Central . . . . .	408,858		8,787	(400,071)
Operation of non-instructional services:				
Food service operations . . . . .	307,742	196,082	103,063	(8,597)
Other non-instructional services . . . . .	25			(25)
Interest and fiscal charges . . . . .	60,154			(60,154)
<b>Total governmental activities . . . . .</b>	<b>\$ 16,691,431</b>	<b>\$ 2,422,473</b>	<b>\$ 2,491,136</b>	<b>(11,777,822)</b>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				6,142,336
Grants and entitlements not restricted to specific programs . . . . .				5,305,769
Investment earnings . . . . .				202,762
Miscellaneous . . . . .				162,731
<b>Total general revenues . . . . .</b>				<b>11,813,598</b>
<b>Change in net assets . . . . .</b>				<b>35,776</b>
<b>Net assets at beginning of year . . . . .</b>				<b>5,616,253</b>
<b>Net assets at end of year . . . . .</b>				<b>\$ 5,652,029</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>General</u>	<u>Adult Education</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 5,326,622	\$ 41,642	\$ 426,947	\$ 5,795,211
Receivables:				
Taxes . . . . .	6,105,603			6,105,603
Accounts . . . . .	307	108,366	34,262	142,935
Intergovernmental . . . . .	1,154		105,574	106,728
Accrued interest . . . . .	27,758			27,758
Interfund loan . . . . .	149,000			149,000
Prepayments . . . . .	15,527	1,571	256	17,354
Materials and supplies inventory . . . . .	9,756	27,849	6,340	43,945
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets . . . . .	<u>\$ 11,635,727</u>	<u>\$ 179,428</u>	<u>\$ 573,379</u>	<u>\$ 12,388,534</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 27,081	\$ 3,825	\$ 2,254	\$ 33,160
Contracts payable . . . . .			31,798	31,798
Accrued wages and benefits . . . . .	702,002	50,544	32,549	785,095
Compensated absences payable . . . . .	68,924			68,924
Pension obligation payable . . . . .	194,086	10,315	15,179	219,580
Intergovernmental payable . . . . .	27,465	10,288	2,584	40,337
Interfund loan payable . . . . .			149,000	149,000
Deferred revenue . . . . .	421,902	65,440	3,104	490,446
Unearned revenue . . . . .	4,996,254	14,474		5,010,728
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities . . . . .	<u>6,437,714</u>	<u>154,886</u>	<u>236,468</u>	<u>6,829,068</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	44,350	8,707	310,447	363,504
Reserved for materials and supplies inventory . . . . .	9,756	27,849	6,340	43,945
Reserved for property tax unavailable for appropriation . . . . .	703,693			703,693
Reserved for unclaimed monies . . . . .	1,561			1,561
Reserved for prepayments . . . . .	15,527	1,571	256	17,354
Unreserved, undesignated (deficit), reported in:				
General fund . . . . .	4,423,126			4,423,126
Special revenue funds . . . . .		(13,585)	19,868	6,283
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances . . . . .	<u>5,198,013</u>	<u>24,542</u>	<u>336,911</u>	<u>5,559,466</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances . . . . .	<u>\$ 11,635,727</u>	<u>\$ 179,428</u>	<u>\$ 573,379</u>	<u>\$ 12,388,534</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2008

**Total governmental fund balances** \$ 5,559,466

*Amounts reported for governmental activities on the  
statement of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 2,028,936

Other long-term assets are not available to pay for current period  
expenditures and therefore are deferred in the funds.

Taxes	\$ 405,656	
Accounts receivable	68,544	
Accrued interest	<u>16,246</u>	
Total		490,446

Long-term liabilities are not due and payable in the current period  
and therefore are not reported in the funds.

Compensated absences	734,819	
Notes payable	<u>1,692,000</u>	
Total		<u>(2,426,819)</u>

**Net assets of governmental activities** \$ 5,652,029

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Adult Education</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 6,145,256			\$ 6,145,256
Tuition . . . . .	7,100	\$ 1,945,494		1,952,594
Earnings on investments . . . . .	230,887		478	231,365
Classroom materials and fees . . . . .			78,385	78,385
Charges for services . . . . .			224,258	224,258
Other . . . . .	108,227	87,155	154,348	349,730
Intergovernmental . . . . .	5,569,727	511,520	1,712,155	7,793,402
Total revenues . . . . .	<u>12,061,197</u>	<u>2,544,169</u>	<u>2,169,624</u>	<u>16,774,990</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	831,658		254,738	1,086,396
Special . . . . .	587,183			587,183
Vocational . . . . .	5,042,096		70,019	5,112,115
Adult continuing education . . . . .		2,037,587	1,160,772	3,198,359
Support Services:				
Pupil . . . . .	680,236	50,707	281,383	1,012,326
Instructional staff . . . . .	239,572			239,572
Board of education . . . . .	41,296			41,296
Administration . . . . .	1,329,430	598,385	31,617	1,959,432
Fiscal . . . . .	349,088		5,000	354,088
Business . . . . .	261,836			261,836
Operations and maintenance . . . . .	1,619,826	27,892		1,647,718
Pupil transportation . . . . .	7,352			7,352
Central . . . . .	366,456		8,661	375,117
Operation of non-instructional services:				
Food service operations . . . . .			304,394	304,394
Other non-instructional services . . . . .			25	25
Facilities acquisition and construction . . . . .	268,848		101,299	370,147
Debt service:				
Principal retirement . . . . .	82,000			82,000
Interest and fiscal charges . . . . .	60,154			60,154
Total expenditures . . . . .	<u>11,767,031</u>	<u>2,714,571</u>	<u>2,217,908</u>	<u>16,699,510</u>
Excess/(deficiency) of revenues over/(under) expenditures . . . . .	<u>294,166</u>	<u>(170,402)</u>	<u>(48,284)</u>	<u>75,480</u>
<b>Other financing sources (uses):</b>				
Sale of notes . . . . .			400,000	400,000
Transfers in . . . . .		321,000	4,500	325,500
Transfers (out) . . . . .	(325,500)			(325,500)
Total other financing sources (uses) . . . . .	<u>(325,500)</u>	<u>321,000</u>	<u>404,500</u>	<u>400,000</u>
Net change in fund balances . . . . .	(31,334)	150,598	356,216	475,480
<b>Fund balances (deficits) at beginning of year .</b>	5,231,041	(117,546)	(21,615)	5,091,880
<b>Increase (decrease) in reserve for inventory .</b>	(1,694)	(8,510)	2,310	(7,894)
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,198,013</u>	<u>\$ 24,542</u>	<u>\$ 336,911</u>	<u>\$ 5,559,466</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Net change in fund balances - total governmental funds** **\$ 475,480**

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

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

Capital asset additions	\$ 178,170	
Current year depreciation	<u>(290,718)</u>	
Total		(112,548)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.

(7,894)

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

Taxes	(2,920)	
Accounts receivable	(16,738)	
Accrued interest	<u>(28,125)</u>	
Total		(47,783)

Issuance of notes are an other financing source in the government funds. However, on the statement of net assets, the issuance increases long-term liabilities.

(400,000)

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

82,000

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

46,521

**Change in net assets of governmental activities** **\$ 35,776**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 5,746,000	\$ 5,746,000	\$ 6,051,083	\$ 305,083
Tuition . . . . .	3,000	3,000	7,100	4,100
Earnings on investments. . . . .	260,000	260,000	287,523	27,523
Other. . . . .	87,000	87,000	106,202	19,202
Intergovernmental . . . . .	5,454,000	5,454,000	5,569,832	115,832
Total revenues. . . . .	<u>11,550,000</u>	<u>11,550,000</u>	<u>12,021,740</u>	<u>471,740</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	814,831	836,831	834,299	2,532
Special. . . . .	533,951	592,951	590,910	2,041
Vocational. . . . .	5,317,361	5,102,361	5,096,089	6,272
Support Services:				
Pupil. . . . .	541,326	700,326	697,766	2,560
Instructional staff . . . . .	191,460	240,460	238,639	1,821
Board of education . . . . .	57,730	50,230	48,770	1,460
Administration. . . . .	1,274,357	1,328,357	1,325,870	2,487
Fiscal . . . . .	342,117	347,717	347,726	(9)
Business . . . . .	263,210	264,210	263,519	691
Operations and maintenance. . . . .	1,747,918	1,628,418	1,624,375	4,043
Pupil transportation . . . . .	18,230	16,730	16,015	715
Central. . . . .	329,026	385,026	371,888	13,138
Facilities acquisition and construction . . . . .	255,694	268,194	267,548	646
Debt Service:				
Principal retirement . . . . .	82,000	82,000	82,000	
Interest and fiscal charges . . . . .	60,154	60,154	60,154	
Total expenditures . . . . .	<u>11,829,365</u>	<u>11,903,965</u>	<u>11,865,568</u>	<u>38,397</u>
Excess/(deficiency) of revenues over/(under) expenditures . . . . .	<u>(279,365)</u>	<u>(353,965)</u>	<u>156,172</u>	<u>510,137</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .			3,877	3,877
Transfers (out) . . . . .	(100,000)	(360,000)	(325,500)	34,500
Advances in. . . . .	300,000	300,000	300,461	461
Advances (out) . . . . .	(200,000)	(164,800)	(149,000)	15,800
Sale of capital assets. . . . .			2,088	2,088
Total other financing sources (uses) . . . . .		<u>(224,800)</u>	<u>(168,074)</u>	<u>56,726</u>
Net change in fund balance . . . . .	(279,365)	(578,765)	(11,902)	566,863
<b>Fund balance at beginning of year. . . . .</b>	5,171,188	5,171,188	5,171,188	
<b>Prior year encumbrances appropriated . . . . .</b>	96,669	96,669	96,669	
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,988,492</u>	<u>\$ 4,689,092</u>	<u>\$ 5,255,955</u>	<u>\$ 566,863</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**EHOVE CAREER CENTER  
ERIE COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ADULT EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues:</b>				
From local sources:				
Tuition . . . . .	\$ 2,038,900	\$ 2,081,956	\$ 1,953,320	\$ (128,636)
Other . . . . .	85,000	85,000	87,155	2,155
Intergovernmental . . . . .	550,000	550,000	517,520	(32,480)
Total revenues. . . . .	<u>2,673,900</u>	<u>2,716,956</u>	<u>2,557,995</u>	<u>(158,961)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Adult continuing education . . . . .	1,988,042	2,065,375	2,059,192	6,183
Support Services:				
Pupil . . . . .	46,913	56,013	54,292	1,721
Administration. . . . .	608,187	606,187	601,243	4,944
Operations and maintenance . . . . .	25,560	25,560	28,066	(2,506)
Total expenditures . . . . .	<u>2,668,702</u>	<u>2,753,135</u>	<u>2,742,793</u>	<u>10,342</u>
Excess/(deficiency) of revenues over/(under) expenditures . . . . .	<u>5,198</u>	<u>(36,179)</u>	<u>(184,798)</u>	<u>(148,619)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .			250	250
Transfers in . . . . .	151,100	151,100	321,000	169,900
Advances (out) . . . . .			(155,100)	(155,100)
Total other financing sources (uses) . . . . .	<u>151,100</u>	<u>151,100</u>	<u>166,150</u>	<u>15,050</u>
Net change in fund balance . . . . .	156,298	114,921	(18,648)	(133,569)
<b>Fund balance at beginning of year. . . . .</b>	24,680	24,680	24,680	
<b>Prior year encumbrances appropriated . . . . .</b>	<u>16,702</u>	<u>16,702</u>	<u>16,702</u>	
<b>Fund balance at end of year . . . . .</b>	<u>\$ 197,680</u>	<u>\$ 156,303</u>	<u>\$ 22,734</u>	<u>\$ (133,569)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 22,542
Total assets . . . . .	<u>\$ 22,542</u>
<b>Liabilities:</b>	
Due to students . . . . .	\$ 22,542
Total liabilities . . . . .	<u>\$ 22,542</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EHOVE CAREER CENTER  
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 1 - DESCRIPTION OF THE CAREER CENTER**

The EHOVE Career Center ("Career Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Career Center is a joint vocational school district as defined by 3311.16 of the Ohio Revised Code. The Career Center operates under an appointed Board of Education (nine members) and is responsible for the provision of public education to residents of the district.

Average daily membership (ADM) as of October 1, 2007, was 775. The Career Center employed 11 administrative and supervisory personnel, 83 certificated employees and 41 non-certificated employees.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Career Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The Career Center's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes regular vocational, special and adult continuing instruction. The Career Center also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

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 have access to organization's resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the Career Center has no component units.

**EHOVE CAREER CENTER  
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

The basic financial statements of the reporting entity include only those of the Career Center (the primary government). The following organizations are described due to their relationship to the Career Center:

*JOINTLY GOVERNED ORGANIZATIONS*

The Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among area schools. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among members. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. In the event of a dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions. The NOECA assembly consists of a superintendent from each participating school and representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating schools are located. The degree of control exercised by any participating school is limited to its representation on the Board. The Career Center paid \$38,266 to NOECA for services during 2008. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Bay Area Council of Governments

The Bay Area Council of Governments consists of numerous school districts representing seven counties (Crawford, Erie, Huron, Ottawa, Sandusky, Seneca, and Wood). This jointly governed organization was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through Bay Area are natural gas. The only cost to the Career Center is an administrative charge if they purchase something through the Council. The Bay Area Council of Governments consists of the superintendent of each school. The Board of Directors consists of one elected representative from each county, and the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer).

Members of the Board serve two-year terms which are staggered. The Career Center paid \$121,867 to the Bay Area Council of Governments for services during 2008. Financial information can be obtained by contacting Betty Schwiefert, who serves as fiscal officer, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

Cisco Academy of Northwest Ohio

The Cisco Academy of Northwest Ohio (the Academy) was established July 1, 1998 to foster cooperation toward joint training and other joint activities of mutual interest among certain educational entities located in Northwest Ohio. The Academy is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and by laws adopted by the representatives of the member educational entities. The Academy is governed by a management council consisting of a representative appointed from each participating member educational entity. The Board of Education of the Four County Career Center has been designated fiscal agent for the Academy. The Career Center paid \$1,000 to the Academy for services during 2008. Financial information can be obtained by contacting the Four County Career Center, 22900 State Route 34, Archbold, Ohio 43502-9586.

*PUBLIC ENTITY RISK POOLS*

Health Benefits

The Huron-Erie School Employees Insurance Association is a shared risk pool, with participants from Erie and Huron Counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Association. All Association revenues are generated from charges for services. Financial information can be obtained by writing to Betty Schwiefert, who serves as fiscal officer, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Workers' Compensation

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school district pays an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

*GOVERNMENTAL FUNDS*

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

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

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

The other governmental funds of the Career Center account for food service operations, the sale of uniform school supplies, rotary funds for vocation education and for grants and other resources whose use is restricted to a particular purpose.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The Career Center has no proprietary funds.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The Career Center's only fiduciary funds are agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds account for student activities and district agency responsibilities.

**C. Basis of Presentation and Measurement Focus**

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Career Center. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Career Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Career Center are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the Career Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Career Center, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donation. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and tuition and delinquent property taxes due at June 30, 2008, are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with Erie County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended Certificates issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Career Center. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund level. Any revisions that alter the object level within each function must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, all supplemental appropriations were legally enacted.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**F. Cash and Investments**

To improve cash management, cash received by the Career Center is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2008, investments were limited to federal agency securities, commercial paper, non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

The Career Center has invested funds in STAR Ohio during fiscal 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 2008 amounted to \$230,887, which includes \$12,609 assigned from other Career Center funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Career Center's investment account at fiscal year-end is provided in Note 4.

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis. On fund financial statements inventories are stated at cost. Cost is determined on a first-in, first-out basis. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center's capitalization threshold is \$10,000. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund loan receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets. Interfund loans are summarized in Note 5.A.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**J. Compensated Absences**

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Contractually required pension contributions are reported as liabilities in the fund statements when due.

**L. Fund Balance Reserves**

The Career Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, unclaimed monies and property taxes unavailable for appropriation. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed through enabling legislation as through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist of unclaimed monies held by the Career Center. The Career Center had no net assets restricted for enabling legislation.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset on the fund financial statements.

**O. Estimates**

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

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. See Note 5.B. for detail.

Interfund activities between governmental funds are eliminated in the statement of activities.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2008.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2008, the Career Center has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Career Center; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Career Center.

**B. Deficit Fund Balances**

Fund balances at June 30, 2008, included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 23,607
Other grants	21,465
Public preschool grant	91
Vocational education	335

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the food service, public preschool grant and vocational education funds resulted from adjustments for accrued liabilities.

The deficit fund balance in the other grant fund resulted from both the reporting of short-term interfund loans as a fund liability rather than as an other financing source and adjustments for accrued liabilities.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At year-end, the Career Center had \$270 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments."

**B. Deposits with Financial Institutions**

At June 30, 2008, the carrying amount of all Career Center deposits was \$604,632. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$507,479 of the Career Center's bank balance of \$749,781 was exposed to custodial risk as discussed below, while \$242,302 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center's deposits may not be returned. Deposits of \$507,479 were collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the Federal Deposit Insurance Corporation.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**C. Investments**

As of June 30, 2008, the Career Center had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
Commercial Paper	\$ 1,493,608	\$ 1,493,608			
FHLMC	498,644				\$ 498,644
FNMA	1,484,869	493,479			991,390
STAR Ohio	1,735,730	1,735,730	-	-	-
	<u>\$ 5,212,851</u>	<u>\$ 3,722,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,490,034</u>

The weighted average maturity of investments is .59 years.

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Career Center's investment policy limits investment portfolio maturities to two years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity.

The Career Center's investment policy permits investments in any security specifically authorized by Ohio Revised Code Section 135.14, 135.142 and 135.45 as amended. No security will be purchased that has a final maturity of greater than two years.

*Credit Risk:* The Career Center's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Career Center's investment in commercial paper has been rated P1 and A1+ by Standard & Poor's and Moody's Investor Services, respectively. State law limits investments in commercial paper to the top two ratings issued by nationally recognized standard rating services. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Career Center's investment policy does not address investment credit risk beyond the requirements of State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Federal agency securities and commercial paper in the amount of \$2,477,121 are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board or qualified trustee.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

*Concentration of Credit Risk:* The Career Center places no dollar limit on the amount that may be invested in any one issuer however, the Career Center's investment policy requires an effort to diversify its holdings of investments by avoiding concentrations of specific issuers. State statute limits investments in commercial paper to 25% of the interim monies available for investment at any one time. The following table includes the percentage of each investment type held by the Career Center at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Commercial Paper	\$ 1,493,608	28.65
FHLMC	498,644	9.57
FNMA	1,484,869	28.48
STAR Ohio	<u>1,735,730</u>	<u>33.30</u>
	<u>\$ 5,212,851</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per footnote</u>		
Carrying amount of deposits	\$	604,632
Investments		5,212,851
Cash on hand		<u>270</u>
Total	\$	<u>5,817,753</u>
 <u>Cash and investments per statement of net assets</u>		
Governmental activities	\$	5,795,211
Agency funds		<u>22,542</u>
Total	\$	<u>5,817,753</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2008, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 149,000</u>
Total		<u>\$ 149,000</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 5 - INTERFUND TRANSACTIONS – (Continued)**

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2008, are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Adult education	\$ 321,000
Nonmajor governmental funds	<u>4,500</u>
Total	<u>\$ 325,500</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located within the Counties served by the Career Center. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien January 1, 2007, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**NOTE 6 - PROPERTY TAXES – (Continued)**

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. For 2007, tangible personal property is assessed at 12.50% for property including inventory. This percentage will be reduced to 6.25% for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Career Center due to the phasing out of the tax. In calendar years 2008-2010, the Career Center will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The Career Center receives property taxes from various counties. The County Auditors periodically advance to the Career Center their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008, was \$703,693 in the general fund. This amount has been recorded as revenue.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The full tax rate for Career Center operations for the year ended June 30, 2008, was \$3.95 per \$1,000 of assessed value.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 6 - PROPERTY TAXES – (Continued)**

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property	\$ 2,827,643,950	92.61	\$ 2,862,894,650	94.75
Public Utility Property	134,641,040	4.41	124,665,700	4.13
Tangible Personal Property	90,849,668	2.98	33,972,191	1.12
Total Assessed Valuation	\$ 3,053,134,658	100.00	\$ 3,021,532,541	100.00

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2008, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables, other than accounts receivable, are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental Activities**

Taxes	\$ 6,105,603
Gross accounts receivables	164,280
Less: allowance for doubtful accounts	(21,345)
Net accounts receivable	142,935
Intergovernmental	106,728
Accrued interest	27,758
Total	\$ 6,383,024

Receivables have been disaggregated on the face of the basic financial statements. All receivables (net of allowance for doubtful accounts) are expected to be collected within the subsequent year.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance 06/30/07	Additions	Deductions	Balance 06/30/08
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 396,420	\$ -	\$ -	\$ 396,420
Construction in progress	-	106,665	-	106,665
Total capital assets, not being depreciated	<u>396,420</u>	<u>106,665</u>	<u>-</u>	<u>503,085</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	4,514,896	-	-	4,514,896
Furniture and equipment	1,151,268	57,505	(22,615)	1,186,158
Vehicles	<u>328,272</u>	<u>14,000</u>	<u>(24,020)</u>	<u>318,252</u>
Total capital assets, being depreciated	<u>5,994,436</u>	<u>71,505</u>	<u>(46,635)</u>	<u>6,019,306</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(3,273,484)	(118,199)	-	(3,391,683)
Furniture and equipment	(798,076)	(128,777)	22,615	(904,238)
Vehicles	<u>(177,812)</u>	<u>(43,742)</u>	<u>24,020</u>	<u>(197,534)</u>
Total accumulated depreciation	<u>(4,249,372)</u>	<u>(290,718)</u>	<u>46,635</u>	<u>(4,493,455)</u>
Governmental activities capital assets, net	<u>\$ 2,141,484</u>	<u>\$ (112,548)</u>	<u>\$ -</u>	<u>\$ 2,028,936</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 6,573
Special	3,024
Vocational	196,115
Adult education	10,496

Support Services:

Pupil	1,042
Instructional staff	2,970
Board of education	3,558
Administration	8,084
Fiscal	789
Operations and maintenance	22,504
Central	33,741
Food service operations	<u>1,822</u>
Total depreciation expense	<u>\$290,718</u>

**EHOVE CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS**

The Career Center's long-term obligations activity during the year consists of the following:

	Balance Outstanding <u>06/30/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/08</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities:</b>					
School improvement notes	\$ 1,374,000	\$ 400,000	\$ (82,000)	\$ 1,692,000	\$ 104,000
Compensated absences	<u>815,596</u>	<u>141,012</u>	<u>(152,865)</u>	<u>803,743</u>	<u>75,882</u>
Total governmental activities	<u>\$ 2,189,596</u>	<u>\$ 541,012</u>	<u>\$ (234,865)</u>	<u>\$ 2,495,743</u>	<u>\$ 179,882</u>

Compensated Absences: Compensated absences will be paid from the fund from which the employees' salaries are paid, which consist of the general fund, adult education fund, vocational education grant fund (a nonmajor governmental fund), and other grants fund (a nonmajor governmental fund).

School Improvement Notes: On June 30, 2005, the Career Center entered into a note agreement with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the purpose of improving, renovating, furnishing and equipping school buildings. The proceeds of the note were received on July 7, 2005. The initial principal amount of the notes was \$1,527,000, with an interest rate of 4.225% and a maturity date of July 1, 2020.

On June 12, 2008, the Career Center entered into a note agreement with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the purpose of improving, renovating, furnishing and equipping school buildings. The proceeds of the note were received on June 12, 2008. The initial principal amount of the notes was \$400,000, with an interest rate of 4.11% and a maturity date of December 1, 2022. At June 30, 2008, the Career Center had \$298,701 of uncapitalized or unspent note proceeds remaining on this note.

Principal and interest payments in fiscal year 2008 totaled \$82,000 and \$60,154, respectively. These amounts are reported as debt service expenditures in the general fund.

The following is a summary of the future debt service requirements to maturity for the notes:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 104,000	\$ 72,957	\$ 176,957
2010	110,000	68,625	178,625
2011	114,000	63,813	177,813
2012	118,000	58,848	176,848
2013	123,000	53,687	176,687
2014 - 2018	699,000	182,977	881,977
2019 - 2023	<u>424,000</u>	<u>35,146</u>	<u>459,146</u>
Total	<u>\$ 1,692,000</u>	<u>\$ 536,053</u>	<u>\$ 2,228,053</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS – (Continued)**

*Legal Debt Margin:* The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation use in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$267,396,648 and an unvoted debt margin of \$2,971,074.

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Sick Leave**

Each full time professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth (1¼) days for each calendar month under contract. Sick leave is cumulative to three hundred twenty-five (325) days for certified employees and two hundred seventy-two (272) days for non-certified employees.

**B. Service Retirement Benefits**

1. Certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is one-fourth (25%) of the certified employee's accrued, but unused sick leave days at the time of retirement based on their daily rate times the value of the employee's eligible (81.25 days maximum) accrued, but unused sick leave days. Employees must have at least ten years of total retirement service and at least five years of service with the Career Center to become eligible to be entitled to the maximum of eighty-one and one-fourth days (81.25 days).
2. Certified employees who retire during the current contract will be paid \$225 for every year of service with the EHOVE Board of Education.
3. Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is one-fourth of sick leave days accumulated, but not to exceed sixty-eight (68) days. Non-certified employees must have ten or more years of public service at the time of retirement.
4. Non-certified employees shall receive a lump sum payment of \$125 per year of service with the Career Center upon retiring (as defined by the School Employees Retirement System).



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 10 - OTHER EMPLOYEE BENEFITS – (Continued)**

5. Administration employees, certified, and non-certified non-union staff are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is that as set forth in the EHOVE Education Association contract for administrators and as set forth in the Ohio Association of Public School Employees (OAPSE) contract for non-certified employees.

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The Career Center is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Career Center maintains comprehensive insurance coverage with private carriers for general liability, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Losses have not exceeded insurance coverage for the last three years and there has been no significant reduction in insurance coverage from last year.

The Career Center is a member of the Huron-Erie School Employees Insurance Association, a public entity risk pool currently operating as a common risk management and health insurance program for 13 member schools. The Career Center pays a monthly premium to the pool for health, prescription drug and dental. The pool agreement provides that the Association will be self-sustaining through member premiums, and the pool purchased stop-loss coverage from private insurance carriers to cover claims in excess of \$250,000 for any employee in a year or to cover aggregate claims in excess of 120% of the prior year's total claims. Individual coverage per person cannot exceed \$1,000,000 in claims during his or her lifetime.

In the event of a withdrawal, the Career Center shall assume and be responsible for payment of all claims of its eligible employees, families and dependents from the effective date of withdrawal, regardless of when such claims were incurred, processed, or presented to the Association, insurance provider, insurance consultant, or any other appropriate or authorized person or representative; provided further, any such claims, which are paid after the effective date of withdrawal by the Association insurance provider or insurance consultant, or charged to such parties, shall be reimbursed in full by any withdrawing member upon demand of the Association.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 11 - RISK MANAGEMENT – (Continued)**

**B. Workers' Compensation Rating Plan**

The Career Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 2.A.). 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. Participants in the Plan are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the Plan.

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$185,592, \$193,991 and \$163,837, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 12 - PENSION PLANS – (Continued)**

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

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

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

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$875,412, \$916,819, and \$828,073, respectively; 100 percent has been contributed for fiscal years 2008, 2007, and 2006. Contributions to the DC and Combined Plans for fiscal years 2008 were \$13,304 made by the Career Center and \$23,288 made by the plan members.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 12 - PENSION PLANS – (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$120,492, \$102,258, and \$84,576, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006, were \$13,372, \$13,191, and \$13,040, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**NOTE 13 - POSTEMPLOYMENT BENEFITS – (Continued)**

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$67,339, \$70,525, and \$63,698, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and adult education fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis);
- (e) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**EHOVE CAREER CENTER  
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and the adult education fund are as follows:

**Net Change in Fund Balance**

	<u>General Fund</u>	<u>Adult Education</u>
Budget basis	\$ (11,902)	\$ (18,648)
Net adjustment for revenue accruals	39,457	(13,826)
Net adjustment for expenditure accruals	31,670	9,314
Net adjustment for other sources/uses	(157,426)	154,850
Adjustment for encumbrances	<u>66,867</u>	<u>18,908</u>
GAAP basis	<u>\$ (31,334)</u>	<u>\$ 150,598</u>

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The Career Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

**B. Litigation**

The Career Center is involved in no material litigation as either plaintiff or defendant.

**NOTE 16 - STATUTORY RESERVES**

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. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Amount not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

**EHOVE CAREER CENTER  
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**NOTE 16 - STATUTORY RESERVES – (Continued)**

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Maintenance</u>
Set-aside balance as of June 30, 2007	\$ (1,352,742)	
Current year set-aside requirement	101,956	\$ 101,956
Current year off-sets		(400,000)
Qualifying expenditures	<u>(811,507)</u>	<u>(231,691)</u>
Total	<u>\$ (2,062,293)</u>	<u>\$ (529,735)</u>
Balance carried forward to FY 2009	<u>\$ (2,062,293)</u>	<u>\$ -</u>

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

**EHOVE CAREER CENTER  
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>FEDERAL GRANTOR</b>	<b>Federal</b>
<i>Pass Through Grantor</i>	<b>CFDA</b>
Program Title	<b>Number</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>	
<i>Passed Through Ohio Department of Education:</i>	
<u>Nutrition Cluster:</u>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Cash Assistance	
Non-cash Assistance (Food Distribution)	
Total - National School Lunch Program	
Total Nutrition Cluster	
Total U.S. Department of Agriculture	
<b>U.S. DEPARTMENT OF EDUCATION</b>	
<i>Direct Payment - United States Department of Education</i>	
Federal Pell Grant Program	84.063
<i>Passed Through Ohio Department of Education:</i>	
Vocational Education - Basic Grants to States	84.048
Safe and Drug-Free Schools and Communities - State Grants	84.186
State Grants for Innovative Programs	84.298
Improving Teacher Quality State Grants	84.367
Total U.S. Department of Education	
<b>Total Federal Financial Assistance</b>	

*The accompanying notes are an integral part of this schedule.*



<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
\$21,397		\$21,397	
65,911		65,911	
	\$14,316		\$14,316
<u>65,911</u>	<u>14,316</u>	<u>65,911</u>	<u>14,316</u>
<u>87,308</u>	<u>14,316</u>	<u>87,308</u>	<u>14,316</u>
<b><u>87,308</u></b>	<b><u>14,316</u></b>	<b><u>87,308</u></b>	<b><u>14,316</u></b>
<b><u>343,833</u></b>		<b><u>343,833</u></b>	
<b><u>328,170</u></b>		<b><u>307,710</u></b>	
<b><u>1,349</u></b>		<b><u>1,349</u></b>	
<b><u>1,619</u></b>		<b><u>1,619</u></b>	
<b><u>4,031</u></b>		<b><u>4,031</u></b>	
<b><u>679,002</u></b>		<b><u>658,542</u></b>	
<b><u>\$ 766,310</u></b>	<b><u>\$ 14,316</u></b>	<b><u>\$ 745,850</u></b>	<b><u>\$ 14,316</u></b>

**EHOVE CAREER CENTER  
ERIE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the Career Center's Federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed Federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

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 non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

**NOTE E - MATCHING REQUIREMENTS**

Certain Federal programs require that the Career Center contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Career Center has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



# Mary Taylor, CPA

Auditor of State

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

EHOVE Career Center  
Erie County  
316 Mason Road West  
Milan, Ohio 44846-9771

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the EHOVE Career Center, Erie County, (the Career Center) as of and for the year ended June 30, 2008, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the Career Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Career Center's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

#### **Compliance and Other Matters**

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

We did note certain noncompliance that we reported to the Career Center's management in a separate letter dated December 3, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

December 3, 2008



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

EHOVE Career Center  
Erie County  
316 Mason Road West  
Milan, Ohio 44846-9771

To the Board of Education:

### Compliance

We have audited the compliance of the EHOVE Career Center, Erie County, Ohio (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 apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Career Center's major federal program. The Career Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with those requirements.

In our opinion, the EHOVE Career Center, Erie County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

### Internal Control Over Compliance

The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of 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.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement 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 the Career Center's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Career Center's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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.

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



**Mary Taylor, CPA**  
Auditor of State

December 3, 2008

**EHOVE CAREER CENTER  
ERIE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Pell Grant Program – CFDA 84.063
<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**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None







**Mary Taylor, CPA**  
Auditor of State

**EHOVE CAREER CENTER**

**ERIE 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 24, 2008**