



Mary Taylor, CPA
Auditor of State

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington 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, business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio, as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2009, 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.

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 is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

March 5, 2009

Washington County Career Center, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited*

The discussion and analysis of the Washington County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 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 the fiscal year 2008 are as follows:

- In total, net assets increased \$297,013. Net assets of governmental activities increased \$591,878, while net assets of the business-type activity decreased \$294,865 from 2007.
- General revenues accounted for \$5,365,636 in revenue or 83% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,066,427 or 17% of total revenues of \$6,432,063.
- Total program expenses were \$8,171,894; \$5,840,185 in governmental activities and \$2,331,709 in the business-type activity.

Using this Annual Financial Report

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 and conditions.

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

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

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

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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 Career Center is divided into two kinds of activities:

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

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The Career Center's adult education programs are reported as business-type activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major funds begins on page 8. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple 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 Permanent Improvement 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 fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (adult education); therefore, these statements will essentially match.

The Career Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net assets for 2008 compared to 2007.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$5,846,564	\$5,234,708	\$1,622,676	\$1,938,942	\$7,469,240	\$7,173,650
Capital Assets, Net	6,709,525	5,879,379	219,524	192,793	6,929,049	6,072,172
<i>Total Assets</i>	<u>12,556,089</u>	<u>11,114,087</u>	<u>1,842,200</u>	<u>2,131,735</u>	<u>14,398,289</u>	<u>13,245,822</u>
Liabilities						
Current and Other Liabilities	2,550,401	2,724,139	97,463	92,631	2,647,864	2,816,770
Long-term Liabilities						
Due Within One Year	166,314	102,080	3,966	3,835	170,280	105,915
Due in More Than One Year	3,031,835	2,072,207	84,173	83,806	3,116,008	2,156,013
<i>Total Liabilities</i>	<u>5,748,550</u>	<u>4,898,426</u>	<u>185,602</u>	<u>180,272</u>	<u>5,934,152</u>	<u>5,078,698</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	5,017,338	4,977,200	219,524	180,924	5,236,862	5,158,124
Restricted	1,125,557	132,567	0	0	1,125,557	132,567
Unrestricted	664,644	1,105,894	1,437,074	1,770,539	2,101,718	2,876,433
<i>Total Net Assets</i>	<u>\$6,807,539</u>	<u>\$6,215,661</u>	<u>\$1,656,598</u>	<u>\$1,951,463</u>	<u>\$8,464,137</u>	<u>\$8,167,124</u>

Total assets increased \$1,152,467, with governmental assets increasing \$1,442,002 and business-type assets decreasing \$289,535. For governmental activities, cash increased \$292,662. The Career Center also had a \$210,084 increase in cash and investments with fiscal agents. Intergovernmental receivables decreased \$128,564 mainly due to a \$150,000 receivable from the Appalachian Regional Commission in 2007. Capital assets increased \$830,146, mainly due to heating and cooling system upgrade projects. Cash in the business-type activity decreased \$295,263 as well as intergovernmental receivables for tuition increasing \$41,121.

Total liabilities increased \$855,454, with governmental liabilities increasing \$820,124 and business-type liabilities increasing only \$5,330. For the governmental funds, accounts and contracts payable decreased \$331,601, mainly for the 2007 heating and cooling system upgrades. Total long-term liabilities increased \$1,024,360, attributable to the debt issued for the roof replacement project.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008, compared to changes in net assets for the fiscal year ended June 30, 2007.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues						
Charges for Services	\$210,891	\$159,227	\$1,637,163	\$1,833,648	\$1,848,054	\$1,992,875
Operating Grants, Contributions and Interest	852,536	769,351	397,359	422,197	1,249,895	1,191,548
Capital Grants	3,000	153,000	0	0	3,000	153,000
Total Program Revenues	1,066,427	1,081,578	2,034,522	2,255,845	3,100,949	3,337,423
General Revenues						
Property Taxes	1,985,164	2,056,652	0	0	1,985,164	2,056,652
Grants and Entitlements	3,163,973	2,753,628	0	0	3,163,973	2,753,628
Payments in Lieu of Taxes	9,934	29,801	0	0	9,934	29,801
Interest	179,796	136,277	0	0	179,796	136,277
Miscellaneous	26,769	22,677	2,322	805	29,091	23,482
Total General Revenues	5,365,636	4,999,035	2,322	805	5,367,958	4,999,840
Total Revenues	6,432,063	6,080,613	2,036,844	2,256,650	8,468,907	8,337,263
Program Expenses						
Instruction:						
Regular	745,107	692,260	0	0	745,107	692,260
Vocational	2,171,522	2,333,086	0	0	2,171,522	2,333,086
Adult/Continuing	69,002	36,321	0	0	69,002	36,321
Support Services:						
Pupils	354,914	335,283	0	0	354,914	335,283
Instructional Staff	393,623	381,962	0	0	393,623	381,962
Board of Education	16,778	18,025	0	0	16,778	18,025
Administration	497,425	521,739	0	0	497,425	521,739
Fiscal	281,239	249,108	0	0	281,239	249,108
Business	37,746	30,717	0	0	37,746	30,717
Operation and Maintenance of Plant	671,251	674,040	0	0	671,251	674,040
Transportation	9,602	92	0	0	9,602	92
Central	255,100	233,263	0	0	255,100	233,263
Operation of Non-Instructional Services:						
Other	129,353	71,470	0	0	129,353	71,470
Food Service Operations	123,258	107,962	0	0	123,258	107,962
Extracurricular Activities	5,323	4,909	0	0	5,323	4,909
Interest and Fiscal Charges	78,942	25,711	0	0	78,942	25,711
Adult Education	0	0	2,331,709	2,139,499	2,331,709	2,139,499
Total Expenses	5,840,185	5,715,948	2,331,709	2,139,499	8,171,894	7,855,447
Increase (Decrease) in Net Assets	591,878	364,665	(294,865)	117,151	297,013	481,816
Net Assets Beginning of Year	6,215,661	5,850,996	1,951,463	1,834,312	8,167,124	7,685,308
Net Assets End of Year	\$6,807,539	\$6,215,661	\$1,656,598	\$1,951,463	\$8,464,137	\$8,167,124

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

Governmental Activities

Net assets of the Career Center's governmental activities increased \$591,878 in fiscal year 2008. Total governmental expenses of \$5,840,185 did not exceed the program revenues of \$1,066,427 and general revenues of \$5,365,636.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 80 percent of the total revenue. The remaining 20 percent of revenue is from program revenues, interest, and miscellaneous local sources.

In recent years, the State, in terms of foundation increases, has implemented weighted funding for special education students and career-tech students, and ADM funding. The career-technical weighted funding increased 20% or \$146,940 from fiscal year 2007 to fiscal year 2008, primarily due to increased enrollment. The basic state foundation funding also increased due to the enrollment increase.

Under program expenses for fiscal year 2008, the Career Center eliminated four career/technical positions and created a classified position of Placement / Transition coordinator in the high school program, which decreased overall expenses in various instructional and support categories. Amounts received in the prior fiscal year for a HB264 project were expended, coupled with increased debt repayment, thereby increasing costs primarily due to facility costs.

Program revenues covered 18 percent of program expenses overall. The remaining 82 percent is supported through tax revenues and other general revenues. In fiscal year 2008, however, expenses totaled 91 percent of revenues, resulting in an increase in net assets of \$591,878.

Business-Type Activity

The business-types activity involves the Career Center's adult education program. This program had revenues of \$2,036,844 and expenses of \$2,331,709 for fiscal year 2008. Expanded program offerings and added locations created higher expenditures with the additional cost of supplies, equipment and staff

Table 3 shows the total cost of services and the net cost of services for fiscal year compared to fiscal year 2007. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Program Expenses				
Instruction:				
Regular	\$745,107	\$692,260	\$737,753	\$690,253
Vocational	2,171,522	2,333,086	1,701,401	1,912,608
Adult/Continuing	69,002	36,321	51,265	(123,744)
Support Services:				
Pupils	354,914	335,283	142,893	92,696
Instructional Staff	393,623	381,962	374,286	366,390
Board of Education	16,778	18,025	16,778	18,025
Administration	497,425	521,739	495,986	519,829
Fiscal	281,239	249,108	281,239	249,108
Business	37,746	30,717	37,746	30,717
Operation and Maintenance of Plant	671,251	674,040	671,251	674,040
Transportation	9,602	92	9,602	92
Central	255,100	233,263	209,297	194,281
Operation of Non-Instructional Services:				
Other	129,353	71,470	(37,642)	71,470
Food Service Operations	123,258	107,962	(2,362)	(92,015)
Extracurricular Activities	5,323	4,909	5,323	4,909
Interest and Fiscal Charges	78,942	25,711	78,942	25,711
Total	<u>\$5,840,185</u>	<u>\$5,715,948</u>	<u>\$4,773,758</u>	<u>\$4,634,370</u>

As you can see, the reliance upon local tax revenues for governmental activities is crucial. Thirty-four percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 54 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2008, approximately 83 percent of instruction activities were supported through taxes and State subsidies. As you can see from Table 3, the non-instructional other and food service programs are the only self-supporting programs, meaning that no general revenues are necessary to supplement these activities.

The Career Center Funds

The Career Center's governmental funds reported a combined fund balance of \$3,288,208, an increase of \$944,655 from fiscal year 2007. All governmental funds had total revenues of \$6,626,774 and expenditures of \$6,907,119.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

The Career Center's major funds are accounted for using the modified accrual basis of accounting. The General Fund's \$286,232 decrease in fund balance can be mainly attributed to the completion and expenditure of HB264 funds acquired in the prior fiscal year for the Career Center's HVAC upgrades. The Career Center's other major fund, the Permanent Improvement Fund, reflects a fund balance of \$979,542. Its fund balance increased \$1,001,390 due to the receipt of \$1,225,000 in bond proceeds.

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$5,767,956, above final estimates of \$5,752,475. Original estimated revenues were increased \$326,264 due to \$76,000 fluctuation in amount of personal property tax and additional basic state foundation and weighted funding due to increased number of students enrolled. Expenditures of \$6,480,059 were higher than final appropriations of \$6,524,110 due to various factors, but primarily due to fund transfers during the fiscal year end. Final appropriations were decreased \$347,694 from original appropriations due to decrease in utilities, site/landscape decrease, and other year end adjustments.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the Career Center had \$6,929,049 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared to 2007.

(Table 4)

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2008	2007	2008	2007	2008	2007
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Construction in Progress	0	491,935	0	0	0	491,935
Buildings and Improvements	5,416,213	4,011,204	0	0	5,416,213	4,011,204
Furniture and Equipment	1,216,151	1,293,885	210,501	181,509	1,426,652	1,475,394
Vehicles	29,161	34,355	9,023	11,284	38,184	45,639
Totals	<u>\$6,709,525</u>	<u>\$5,879,379</u>	<u>\$219,524</u>	<u>\$192,793</u>	<u>\$6,929,049</u>	<u>\$6,072,172</u>

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

During fiscal year 2008, the Career Center held its first community open house, began renovation of the welding lab area, invested in upgraded computers for the business lab, additional learning equipment for the commercial truck program, and completed a large HVAC project from governmental funds. Additionally, the Career Center lost their long-time lessee, the Washington County Educational Service Center, after the entity merged with the Ohio Valley Educational Service Center. Under the business-type activity, the Career Center purchased miscellaneous operational and testing equipment as the program offerings and locations increased. See Note 9 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2008, the Career Center had the following obligations outstanding:

	Principal Outstanding 6/30/07	Additions	Reductions	Principal Outstanding 6/30/08	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9% July 23, 2002, \$615,000	\$440,000	\$0	\$35,000	\$405,000	\$35,000
Qualified Zone Academy Bonds - 0% July 1, 2007, \$1,225,000	0	1,225,000	68,249	1,156,751	68,249
Capital Leases	<u>1,236,051</u>	<u>0</u>	<u>67,080</u>	<u>1,168,971</u>	<u>63,065</u>
Total Governmental Activities	<u>\$1,676,051</u>	<u>\$1,225,000</u>	<u>\$170,329</u>	<u>\$2,730,722</u>	<u>\$166,314</u>
Business-Type Activity:					
Capital Leases	<u>\$11,869</u>	<u>\$0</u>	<u>\$4,190</u>	<u>\$7,679</u>	<u>\$3,966</u>

See Note 14 to the basic financial statements for more information on debt.

Challenges and Opportunities

The vision of the Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, the Career Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. The Career Center establishes a relationship with staff, students, parents, and community businesses that allow all learners to reach their full potential.

The mission of the Career Center is to provide career options through technical and academic education in a secure environment, resulting in knowledgeable and skilled individuals who are prepared for future opportunities and productive citizenship.

The Adult Technical Training Department of the Career Center is a state-supported institution. Certificates are awarded to all students satisfactorily completing a program. Adult Vocational Education programs allow students to upgrade themselves in their present job, retrain for a job they may not have worked at for sometime, or prepare for a new career. Students obtain both theoretical knowledge and practical experience through well-equipped laboratories, which provide up-to-date "hands-on" training experiences.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

The mission of the Washington County Career Center Adult Education Department is to design, develop, and implement training that meets the needs of local business, industry, and individuals. We are dedicated to providing progressive solutions that lead to increased productivity and to enhancing individual employment opportunities and the quality of life in the Mid-Ohio Valley.

In order to meet the goals mentioned above, it is imperative that the Career Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

The Career Center has achieved a large measure of financial stability in the past and in fiscal year 2008. Administrators and staff are cognizant of the vulnerability of stability and the Board of Education and administrators continue to closely monitor both revenues and expenses. The Treasurer continues to monitor revenues and expenses to ascertain that actual revenues meet or exceed estimated revenues and actual expenses do not exceed estimates.

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 any questions about this report or need additional financial information, contact Janine Satterfield, Treasurer at the Washington County Career Center, 21740 SR 676, Marietta, Ohio 45750, or e-mail at jsatterfield@thecareercenter.net.

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Washington County Career Center, Ohio

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,577,279	\$1,416,961	\$3,994,240
Cash and Cash Equivalents with Fiscal Agents	5,705	0	5,705
Investments with Fiscal Agents	978,410	0	978,410
Materials and Supplies Inventory	33,806	34,265	68,071
Intergovernmental Receivable	105,825	63,100	168,925
Prepaid Items	1,392	0	1,392
Accounts Receivable	379	108,350	108,729
Property Taxes Receivable	2,100,485	0	2,100,485
Deferred Charges	43,283	0	43,283
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	6,661,525	219,524	6,881,049
<i>Total Assets</i>	12,556,089	1,842,200	14,398,289
Liabilities			
Accounts Payable	26,602	22,071	48,673
Accrued Wages and Benefits Payable	353,144	50,493	403,637
Accrued Interest Payable	4,009	0	4,009
Vacation Benefits Payable	35,330	10,138	45,468
Matured Interest Payable	159	0	159
Intergovernmental Payable	73,101	14,761	87,862
Deferred Revenue	2,058,056	0	2,058,056
Long-Term Liabilities:			
Due Within One Year	166,314	3,966	170,280
Due In More Than One Year	3,031,835	84,173	3,116,008
<i>Total Liabilities</i>	5,748,550	185,602	5,934,152
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,017,338	219,524	5,236,862
Restricted for:			
Unclaimed Monies	198	0	198
Capital Outlay	979,542	0	979,542
Capital Improvement Set-aside	44,352	0	44,352
Budget Stabilization	28,932	0	28,932
Other Purposes	72,533	0	72,533
Unrestricted	664,644	1,437,074	2,101,718
<i>Total Net Assets</i>	\$6,807,539	\$1,656,598	\$8,464,137

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense)Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants	Governmental Activities	Business-Type Activity	Total
Governmental Activities							
Instruction:							
Regular	\$745,107	\$0	\$7,354	\$0	(\$737,753)	\$0	(\$737,753)
Vocational	2,171,522	154,919	315,202	0	(1,701,401)	0	(1,701,401)
Adult/Continuing	69,002	3,870	13,867	0	(51,265)	0	(51,265)
Support Services:							
Pupils	354,914	0	212,021	0	(142,893)	0	(142,893)
Instructional Staff	393,623	0	19,337	0	(374,286)	0	(374,286)
Board of Education	16,778	0	0	0	(16,778)	0	(16,778)
Administration	497,425	879	560	0	(495,986)	0	(495,986)
Fiscal	281,239	0	0	0	(281,239)	0	(281,239)
Business	37,746	0	0	0	(37,746)	0	(37,746)
Operation and							
Maintenance of Plant	671,251	0	0	0	(671,251)	0	(671,251)
Transportation	9,602	0	0	0	(9,602)	0	(9,602)
Central	255,100	0	42,803	3,000	(209,297)	0	(209,297)
Operation of Non-Instructional Services:							
Other	129,353	0	166,995	0	37,642	0	37,642
Food Service Operations	123,258	51,223	74,397	0	2,362	0	2,362
Extracurricular Activities	5,323	0	0	0	(5,323)	0	(5,323)
Interest and Fiscal Charges	78,942	0	0	0	(78,942)	0	(78,942)
<i>Total Governmental Activities</i>	5,840,185	210,891	852,536	3,000	(4,773,758)	0	(4,773,758)
Business-Type Activity							
Adult Education	2,331,709	1,637,163	397,359	0	0	(297,187)	(297,187)
<i>Totals</i>	<u>\$8,171,894</u>	<u>\$1,848,054</u>	<u>\$1,249,895</u>	<u>\$3,000</u>	<u>(4,773,758)</u>	<u>(297,187)</u>	<u>(5,070,945)</u>
General Revenues							
Property Taxes Levied for General Purposes					1,985,164	0	1,985,164
Grants and Entitlements not Restricted to Specific Programs					3,163,973	0	3,163,973
Payments in Lieu of Taxes					9,934	0	9,934
Interest					179,796	0	179,796
Miscellaneous					26,769	2,322	29,091
<i>Total General Revenues</i>					<u>5,365,636</u>	<u>2,322</u>	<u>5,367,958</u>
<i>Change in Net Assets</i>					591,878	(294,865)	297,013
<i>Net Assets Beginning of Year</i>					<u>6,215,661</u>	<u>1,951,463</u>	<u>8,167,124</u>
<i>Net Assets End of Year</i>					<u>\$6,807,539</u>	<u>\$1,656,598</u>	<u>\$8,464,137</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2008

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,430,993	\$1,132	\$71,672	\$2,503,797
Cash and Cash Equivalents with Fiscal Agents	0	0	159	159
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	73,482	0	0	73,482
Cash and Cash Equivalents with Fiscal Agents	5,546	0	0	5,546
Investments with Fiscal Agents	0	978,410	0	978,410
Receivables:				
Property Taxes	2,100,485	0	0	2,100,485
Accounts	379	0	0	379
Intergovernmental	11,775	0	94,050	105,825
Interfund	9,013	0	0	9,013
Prepaid Items	1,392	0	0	1,392
Materials and Supplies Inventory	32,309	0	1,497	33,806
<i>Total Assets</i>	<u>\$4,665,374</u>	<u>\$979,542</u>	<u>\$167,378</u>	<u>\$5,812,294</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$24,642	\$0	\$1,960	\$26,602
Accrued Wages and Benefits Payable	325,458	0	27,686	353,144
Interfund Payable	0	0	9,013	9,013
Matured Interest Payable	0	0	159	159
Intergovernmental Payable	64,891	0	8,210	73,101
Deferred Revenue	2,062,067	0	0	2,062,067
<i>Total Liabilities</i>	<u>2,477,058</u>	<u>0</u>	<u>47,028</u>	<u>2,524,086</u>
Fund Balances				
Reserved for Encumbrances	190,388	0	7,579	197,967
Reserved for Property Taxes	39,017	0	0	39,017
Reserved for Unclaimed Monies	198	0	0	198
Reserved for Capital Improvements	44,352	0	0	44,352
Reserved for Budget Stabilization	28,932	0	0	28,932
Designated for Budget Stabilization	69,251	0	0	69,251
Designated for Textbooks	386	0	0	386
Unreserved, Undesignated, Reported in:				
General Fund	1,815,792	0	0	1,815,792
Special Revenue Funds	0	0	112,771	112,771
Capital Projects Funds	0	979,542	0	979,542
<i>Total Fund Balances</i>	<u>2,188,316</u>	<u>979,542</u>	<u>120,350</u>	<u>3,288,208</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,665,374</u>	<u>\$979,542</u>	<u>\$167,378</u>	<u>\$5,812,294</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances		\$3,288,208
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,709,525
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	3,412	
Grants	599	4,011
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		43,283
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.		(4,009)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(35,330)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Notes Payable	(405,000)	
Qualified Zone Academy Bonds	(1,156,751)	
Capital Leases Payable	(1,168,971)	
Sick Leave Benefits Payable	(467,427)	(3,198,149)
Net Assets of Governmental Activities		\$6,807,539

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$1,989,864	\$0	\$0	\$1,989,864
Intergovernmental	3,472,282	0	722,720	4,195,002
Interest	150,263	29,533	100	179,896
Tuition and Fees	879	0	20,494	21,373
Customer Services	138,295	0	51,223	189,518
Payments in Lieu of Taxes	9,934	0	0	9,934
Miscellaneous	27,320	0	13,867	41,187
<i>Total Revenues</i>	<u>5,788,837</u>	<u>29,533</u>	<u>808,404</u>	<u>6,626,774</u>
Expenditures				
Current:				
Instruction:				
Regular	726,361	0	10,001	736,362
Vocational	2,111,147	0	21,440	2,132,587
Adult/Continuing	0	0	22,089	22,089
Support Services:				
Pupils	127,828	0	216,956	344,784
Instructional Staff	359,933	0	21,340	381,273
Board of Education	16,778	0	0	16,778
Administration	483,397	0	582	483,979
Fiscal	276,971	0	0	276,971
Business	37,636	0	0	37,636
Operation and Maintenance of Plant	694,006	0	0	694,006
Transportation	9,510	0	0	9,510
Central	196,566	0	52,689	249,255
Operation of Non-Instructional Services	0	0	248,184	248,184
Extracurricular Activities	4,837	0	0	4,837
Capital Outlay	771,543	206,768	0	978,311
Debt Service:				
Principal Retirement	170,329	0	0	170,329
Interest and Fiscal Charges	73,853	0	0	73,853
Issuance Costs	0	46,375	0	46,375
<i>Total Expenditures</i>	<u>6,060,695</u>	<u>253,143</u>	<u>593,281</u>	<u>6,907,119</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(271,858)</u>	<u>(223,610)</u>	<u>215,123</u>	<u>(280,345)</u>
Other Financing Sources (Uses)				
Qualified Zone Academy Bonds Issued	0	1,225,000	0	1,225,000
Transfers In	0	0	14,374	14,374
Transfers Out	(14,374)	0	0	(14,374)
<i>Total Other Financing Sources (Uses)</i>	<u>(14,374)</u>	<u>1,225,000</u>	<u>14,374</u>	<u>1,225,000</u>
<i>Net Change in Fund Balances</i>	(286,232)	1,001,390	229,497	944,655
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>2,474,548</u>	<u>(21,848)</u>	<u>(109,147)</u>	<u>2,343,553</u>
<i>Fund Balances End of Year</i>	<u>\$2,188,316</u>	<u>\$979,542</u>	<u>\$120,350</u>	<u>\$3,288,208</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*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 \$944,655

*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 capital outlays exceeded depreciation:

Capital Asset Additions	1,133,660	
Depreciation Expense	<u>(303,305)</u>	830,355

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (209)

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

Grants	(188,861)	
Other	(1,150)	
Delinquent Taxes	<u>(4,700)</u>	(194,711)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 170,329

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. (1,997)

Qualified Zone Academy Bonds Issued are an other financing source in governmental funds, but the issuance increases long-term liabilities on the statement of net assets. (1,225,000)

Bond Issuance costs are debt service expenditures in governmental funds, but are reported as deferred charges on the statements of activities. 46,375

Issuance costs are reported as an expenditure when paid in governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities. (3,092)

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

Vacation Benefits Payable	(5,636)	
Sick Leave Benefits Payable	<u>30,809</u>	<u>25,173</u>

Change in Net Assets of Governmental Activities \$591,878

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$2,041,943	\$1,965,086	\$1,982,810	\$17,724
Intergovernmental	3,055,399	3,472,196	3,472,282	86
Interest	125,500	151,889	151,887	(2)
Tuition and Fees	2,000	900	879	(21)
Customer Services	169,570	131,935	129,504	(2,431)
Payments in Lieu of Taxes	9,934	9,934	9,934	0
Miscellaneous	21,865	20,535	20,660	125
<i>Total Revenues</i>	<u>5,426,211</u>	<u>5,752,475</u>	<u>5,767,956</u>	<u>15,481</u>
Expenditures				
Current:				
Instruction:				
Regular	701,856	726,845	721,937	4,908
Vocational	2,163,921	2,183,006	2,168,267	14,739
Support Services:				
Pupils	105,106	125,762	124,913	849
Instructional Staff	407,614	372,893	370,375	2,518
Board of Education	21,319	18,175	18,052	123
Administration	488,923	514,628	511,153	3,475
Fiscal	273,559	285,643	283,714	1,929
Business	63,919	39,413	39,147	266
Operation and Maintenance of Plant	828,228	765,662	760,492	5,170
Transportation	0	8,689	8,630	59
Central	215,381	225,221	223,700	1,521
Extracurricular Activities	5,500	4,870	4,837	33
Capital Outlay	1,596,478	1,014,200	1,007,353	6,847
Debt Service:				
Principal	0	164,889	163,776	1,113
Interest	0	74,214	73,713	501
<i>Total Expenditures</i>	<u>6,871,804</u>	<u>6,524,110</u>	<u>6,480,059</u>	<u>44,051</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,445,593)</u>	<u>(771,635)</u>	<u>(712,103)</u>	<u>59,532</u>
Other Financing Sources (Uses)				
Bonds Issued	1,225,000	0	0	0
Advances In	0	0	235,675	235,675
Refund of Prior Year Expenditures	0	5,700	5,680	(20)
Advances Out	0	0	(57,184)	(57,184)
Transfers Out	(17,894)	0	(14,374)	(14,374)
<i>Total Other Financing Sources (Uses)</i>	<u>1,207,106</u>	<u>5,700</u>	<u>169,797</u>	<u>164,097</u>
<i>Net Change in Fund Balance</i>	<u>(238,487)</u>	<u>(765,935)</u>	<u>(542,306)</u>	<u>223,629</u>
<i>Fund Balance Beginning of Year</i>	<u>1,722,087</u>	<u>1,722,087</u>	<u>1,722,087</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>1,095,877</u>	<u>1,095,877</u>	<u>1,095,877</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,579,477</u>	<u>\$2,052,029</u>	<u>\$2,275,658</u>	<u>\$223,629</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fund Net Assets

Enterprise Fund

June 30, 2008

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,416,961
Materials and Supplies Inventory	34,265
Intergovernmental Receivable	63,100
Accounts Receivable	<u>108,350</u>
<i>Total Current Assets</i>	1,622,676
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>219,524</u>
<i>Total Assets</i>	<u>1,842,200</u>
Liabilities	
Current Liabilities:	
Accounts Payable	22,071
Accrued Wages and Benefits Payable	50,493
Vacation Benefits Payable	10,138
Intergovernmental Payable	14,761
Capital Leases Payable	<u>3,966</u>
<i>Total Current Liabilities</i>	<u>101,429</u>
Long-term Liabilities:	
Capital Leases Payable	3,713
Sick Leave Benefits Payable	<u>80,460</u>
<i>Total Long-term Liabilities</i>	<u>84,173</u>
<i>Total Liabilities</i>	<u>185,602</u>
Net Assets	
Invested in Capital Assets	219,524
Unrestricted	<u>1,437,074</u>
Total Net Assets	<u><u>\$1,656,598</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Enterprise Fund
For the Fiscal Year Ended June 30, 2008*

	Business-Type Activity
	Adult Education Fund
Operating Revenues	
Tuition	\$1,637,163
Other	2,322
	1,639,485
<i>Total Operating Revenues</i>	<i>1,639,485</i>
Operating Expenses	
Salaries	1,190,607
Fringe Benefits	364,445
Purchased Services	298,460
Materials and Supplies	439,184
Depreciation	28,912
Other	9,767
	2,331,375
<i>Total Operating Expenses</i>	<i>2,331,375</i>
<i>Operating Loss</i>	<i>(691,890)</i>
Non-Operating Revenues (Expenses)	
Interest and Fiscal Charges	(334)
Federal and State Subsidies	397,359
	397,025
<i>Total Non-Operating Revenues (Expenses)</i>	<i>397,025</i>
<i>Net Change in Net Assets</i>	<i>(294,865)</i>
<i>Net Assets at Beginning of Year</i>	<i>1,951,463</i>
<i>Net Assets at End of Year</i>	<i>\$1,656,598</i>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2008

	Business-Type Activity
	Adult Education Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,646,061
Cash Received from Other Operating Revenues	2,322
Cash Payments for Other Operating Expenses	(9,767)
Cash Payments to Suppliers for Goods and Services	(732,282)
Cash Payments for Employee Services	(1,174,856)
Cash Payments for Employee Benefits	(364,113)
	(632,635)
Net Cash Used for Operating Activities	
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	397,539
	397,539
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Capital Lease	(4,190)
Interest Paid on Capital Lease	(334)
Payments for Capital Acquisitions	(55,643)
	(60,167)
Net Cash Used for Capital and Related Financing Activities	
	(60,167)
<i>Net Decrease in Cash and Cash Equivalents</i>	(295,263)
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,712,224
	1,712,224
<i>Cash and Cash Equivalents at End of Year</i>	\$1,416,961
	\$1,416,961
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$691,890)
	(\$691,890)
Depreciation	28,912
Changes in Assets and Liabilities:	
Decrease in Materials and Supplies Inventory	16,002
Decrease in Accounts Receivable	47,826
Increase in Intergovernmental Receivable	(41,301)
Decrease in Accounts Payable	(6,464)
Increase in Accrued Wages and Benefits Payable	9,661
Decrease in Interfund Payable	(1,704)
Increase in Vacation Benefits Payable	1,402
Increase in Sick Leave Benefits Payable	4,688
Increase in Intergovernmental Payable	233
	233
Net Cash Used for Operating Activities	(\$632,635)

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2008

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$40,562</u>
Liabilities	
Due to Students	<u>\$40,562</u>

See accompanying notes to the basic financial statements

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Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

Note 1 - Description of the Career Center and Reporting Entity

The Washington County Career Center (the Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following elected Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Ohio Valley Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The Career Center exposes students to job training leading to employment upon graduation from high school.

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 23 classified employees and 47 certificated employees who provide services to 486 Washington County juniors and seniors and 1,656 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity

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

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

The Career Center participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool. These organizations are presented in Notes 16 and 17.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless those pronouncements conflict with or contradict GASB pronouncements. The Career Center has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the Career Center's accounting policies are described below.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Career Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Career Center.

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

B. Fund Accounting

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

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

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Permanent Improvement Fund This fund accounts for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds.

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The Career Center has no internal service funds.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Career Center's only enterprise fund accounts for the operation of the Career Center's adult education program.

Fiduciary Fund Type 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary fund is an agency fund, which accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Career Center are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 fund financial statements for governmental funds.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Career Center finances and meets the cash flow needs of its proprietary activity.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there was an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

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

During fiscal year 2008, investments were limited to money market mutual funds and the State Treasury Asset Reserve of Ohio (STAROhio).

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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

Investments in money market mutual funds are reported at current share value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$150,263, which includes \$76,787 assigned from other Career Center funds.

The Career Center utilizes a financial institution to service payments to the contractors as they come due for their House Bill 264 project. The balance in this account is presented on the balance sheet as "restricted cash and cash equivalents with fiscal agents" and represents deposits.

The Career Center also utilizes a financial institution to service principal and interest payments. The balance in this account is presented on the balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption and donated and purchased food.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets utilized by the Adult Education Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Career Center was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of one thousand dollars. 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:

Description	Estimated Lives
Buildings and Improvements	75 - 100 years
Furniture and Equipment	5 - 48 years
Vehicles	5 - 23 years

I. Interfund Balances

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the Career Center for the acquisition or construction of capital assets, the unspent workers' compensation refund monies required to be maintained for budget stabilization, unclaimed monies, and cash held with fiscal agents for payment to the contractors under the Career Center's lease-purchase agreement. See Note 19 for additional information regarding set-asides.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and 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. Long-term loans, bonds, and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

N. Fund Balance Reserves/Designations

The Career Center reserves those portions of fund balance 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, property taxes, unclaimed monies, capital improvements, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved. The reserve for budget stabilization represents money set-aside to protect the Career Center from cyclical changes in revenues and expenditures.

Designations represent tentative plans for future use of financial resources. The Career Center has fund balance designations on the balance sheet for additional monies set-aside by the Board of Education above the required amounts for the reserves for budget stabilization and textbooks.

O. Unamortized Issuance Costs

On the government-wide financial statements, issuance costs are deferred and amortized over the term of the debt using the straight-line method. Issuance costs are reported as deferred charges.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

On the government fund financial statements, issuance costs are recognized in the period in which the debt is issued.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$1,125,557 of restricted net assets, of which none are restricted by enabling legislation. Net assets restricted for other purposes include the food service program and local, federal, and state grants restricted to expenditure for specified purposes.

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are charges for services for adult education programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

R. Extraordinary and Special Item

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.

S. Estimates

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

T. Budgetary Process

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

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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

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

Note 3 - Change in Accounting Principles

For fiscal year 2008, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers 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 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Note 4 - Budgetary Basis of Accounting

While the Career Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded interest represents amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements.

Net Change in Fund Balance

	General Fund
GAAP Basis	(\$286,232)
Net Adjustment for:	
Revenue Accruals	(16,825)
Expenditure Accruals	(196,848)
Unreported Interest:	
Beginning of Fiscal Year	13,723
End of Fiscal Year	(12,099)
Prepaid Items:	
Beginning of Fiscal Year	1,140
End of Fiscal Year	(1,392)
Advances In	235,675
Advances Out	(57,184)
Encumbrances	(222,264)
Total All Funds	<u>(\$542,306)</u>

Note 5 - Deposits and Investments

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

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

Washington County Career Center, Ohio

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For the Fiscal Year Ended June 30, 2008*

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,021,861 of the Career Center's bank balance of \$4,183,482 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2008, the Career Center had the following investments: STAROhio which is part of the internal investment pool and a money market mutual fund held by a fiscal agent in an escrow account that is restricted for construction.

	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>	<u>Rating Agency</u>
Money Market Mutual Funds	\$978,410	N/A	Aaa	Moody's
STAROhio	4,758	Average 53.8 Days	AAAm	S&P
Total	<u>\$983,168</u>			

Interest Rate Risk The Career Center's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The credit ratings for the Career Center's securities are listed above. Ohio law requires that STAR-Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of the purchase by at least one nationally recognized standard rating service. The Career Center has no investment policy that would further limit its investment choices.

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. The Career Center has no investment policy dealing with investment custodial credit 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.

Concentration of Credit Risk The Career Center places no limit on the amount it may invest in any one issuer. Of the Career Center's total investments, 99 percent is invested in money market mutual funds.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Career Center. 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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

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 December 31, 2006, 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.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to 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.

The Career Center receives property taxes from Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable includes real, personal property, and public utility 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 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. 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 is deferred. The amount available as an advance at June 30, 2008, was \$39,017 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2007, was \$31,963.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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
Agricultural/Residential And Other Real Estate	\$856,771,030	78.03%	\$944,016,440	81.03%
Public Utility Personal	132,462,040	12.06%	160,425,960	13.77%
Tangible Personal Property	108,839,970	9.91%	60,598,180	5.20%
Total	\$1,098,073,040	100.00%	\$1,165,040,580	100.00%
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

Note 7 - Interfund Activity

A. Transfers

The General Fund transferred \$8,691 and \$5,683 to the State Grants and Food Service Special Revenue Funds, respectively, during fiscal year 2008. The transfers were to cover additional expenditures of the program not covered by the grant dollars and charges for services.

B. Balances

Interfund balances at June 30, 2008, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the special revenue funds for \$9,013.

	Receivables	Payables
General	\$9,013	\$0
Special Revenue Funds:		
State Grants	0	9,000
Federal Grants	0	13
Total Special Revenue Funds	0	9,013
Total All Funds	\$9,013	\$9,013

Note 8 - Receivables

Receivables at June 30, 2008, consisted of property taxes, accounts (rent, billings for user charged services, and tuition), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

a receivable in the amount of \$3,412 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Services Reimbursement	\$9,562
Miscellaneous	1,138
Wage Reimbursements	1,075
Carl Perkins	28,988
Pell Grants	<u>65,062</u>
 Total Governmental Activities	 <u>105,825</u>
 Business-Type Activity	
Ohio Department of Education	810
Tuition	<u>62,290</u>
 Total Business-Type Activity	 <u>63,100</u>
 Total	 <u><u>\$168,925</u></u>

Note 9 - Capital Assets

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

	<u>Balance</u> <u>6/30/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2008</u>
Governmental Activities:				
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$48,000	\$0	\$0	\$48,000
Construction in Progress	491,935	978,311	(1,470,246)	0
Total Capital Assets not being depreciated	<u>539,935</u>	<u>978,311</u>	<u>(1,470,246)</u>	<u>48,000</u>
Depreciable Capital Assets:				
Buildings and Improvements	5,441,362	1,470,246	0	6,911,608
Furniture and Equipment	2,921,631	155,349	(997)	3,075,983
Vehicles	73,503	0	0	73,503
Total Capital Assets being Depreciated	<u>8,436,496</u>	<u>1,625,595</u>	<u>(997)</u>	<u>10,061,094</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,430,158)	(65,237)	0	(1,495,395)
Furniture and Equipment	(1,627,746)	(232,874)	788	(1,859,832)
Vehicles	(39,148)	(5,194)	0	(44,342)
Total Accumulated Depreciation	<u>(3,097,052)</u>	<u>(303,305) *</u>	<u>788</u>	<u>(3,399,569)</u>
Total Capital Assets being Depreciated, Net	<u>5,339,444</u>	<u>1,322,290</u>	<u>(209)</u>	<u>6,661,525</u>
Governmental Activities Capital Assets, Net	<u><u>\$5,879,379</u></u>	<u><u>\$2,300,601</u></u>	<u><u>(\$1,470,455)</u></u>	<u><u>\$6,709,525</u></u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

	<u>Balance</u> <u>6/30/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2008</u>
Business-Type Activity:				
Capital assets being depreciated				
Vehicles	\$22,610	\$0	\$0	\$22,610
Furniture and Equipment	325,011	55,643	0	380,654
	<u>347,621</u>	<u>55,643</u>	<u>0</u>	<u>403,264</u>
Total Capital assets being depreciated				
Accumulated Depreciation				
Vehicles	(11,326)	(2,261)	0	(13,587)
Furniture and Equipment	(143,502)	(26,651)	0	(170,153)
	<u>(154,828)</u>	<u>(28,912)</u>	<u>0</u>	<u>(183,740)</u>
Total Accumulated Depreciation				
Business-Type Activity capital assets, net	<u>\$192,793</u>	<u>\$26,731</u>	<u>\$0</u>	<u>\$219,524</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$15,726
Vocational	175,084
Adult/Continuing	46,913
Support Services:	
Pupils	4,895
Instructional Staff	6,066
Administration	12,194
Fiscal	3,907
Business	591
Operation and Maintenance of Plant	25,596
Transportation	92
Central	7,775
Food Service	3,980
Extracurricular Activities	486
Total Depreciation Expense	<u>\$303,305</u>

Note 10 - Risk Management

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Career Center contracted with the following insurance company for coverage:

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Utica National Insurance Company through	
Barengo Insurance Agency:	
Automobile Liability	\$1,000,000
Comprehensive (\$500 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$5,000 deductible)	22,527,900
Boiler and Machinery (\$5,000 deductible)	22,527,900
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Sexual Abuse and Molestation	1,000,000
Medical Expense Limit (Any one Person)	10,000
Employee Benefits Liability:	
Each Offense Limit	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Each Employee	1,000,000
Educational Legal Liability (\$5,000 Deductible):	
Errors and Omissions/Aggregate	\$1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2008, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 270 days. Upon retirement, certificated employees receive payment equal to the percentages as stated below:

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

One-fourth of their accrued but unused sick leave to a maximum 68 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 81 days for employees having fifteen or more years of service.

B. Insurance

The Career Center provides medical/surgical insurance through Anthem Blue Cross Blue Shield for all eligible employees. The Career Center pays between 95 to 100 percent of the cost of individual plans and between 85 and 100 percent of the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

The Career Center pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through Fort Dearborn Life Insurance, dental coverage is provided through Core Source, and vision insurance is provided through Vision Service Plan.

Note 12 - Defined Benefit 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 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.

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 \$70,587, \$71,901, and \$70,821, respectively; 97.07 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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 the fiscal year ended June 30, 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. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for 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 \$423,103, \$425,727, and \$417,334, respectively; 90.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$7,017 made by the Career Center and \$23,945 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, two members of the Board of Education elected Social Security. The Board'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 defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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 \$47,620, \$32,668, and \$37,030, respectively; 66.15 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 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 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 \$5,094, \$3,503, and \$3,961, respectively; 97.08 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

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 \$32,546, \$32,748, and \$32,103, respectively; 90.42 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/07	Additions	Reductions	Principal Outstanding 6/30/08	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	\$440,000	\$0	\$35,000	\$405,000	\$35,000
Capital Leases	1,236,051	0	67,080	1,168,971	63,065
Qualified Zone Academy Bonds - 0%					
July 1, 2007, \$1,225,000	0	1,225,000	68,249	1,156,751	68,249
Sick Leave Benefits	498,236	39,420	70,229	467,427	0
Total Governmental Activities	<u>\$2,174,287</u>	<u>\$1,264,420</u>	<u>\$240,558</u>	<u>\$3,198,149</u>	<u>\$166,314</u>
Business-Type Activity:					
Capital Leases	\$11,869	\$0	\$4,190	\$7,679	\$3,966
Sick Leave Benefits	75,772	4,688	0	80,460	0
Total Business-Type Activities	<u>\$87,641</u>	<u>\$4,688</u>	<u>\$4,190</u>	<u>\$88,139</u>	<u>\$3,966</u>

Capital leases will be paid from the General Fund and the Adult Education Enterprise Fund. Sick leave benefits will be paid from the General Fund and the Food Service and Miscellaneous Federal Grants Special Revenue Funds.

In fiscal year 2003, the Career Center issued energy conservation notes for \$615,000. The energy conservation notes will be paid from tax revenues from the General Fund.

On July 1, 2007, the Career Center issued \$1,225,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for roof repairs. The QZAB matures in 2022. The QZAB does not bear interest. To satisfy escrow requirements of the program, the Career Center is required to place \$68,249, annually into a debt service sinking escrow account, with US Bank, the fiscal agent, that will be used for the final bond repayment in 2022. The escrow account will be invested with all of the proceeds to be used for the final payoff of the bonds in 2022. There will be 15 payments made totaling \$1,023,735 with the remaining balance being paid with interest earned on the escrow account.

The overall debt margin of the Career Center as of June 30, 2008, was \$104,853,652, with an unvoted debt margin of \$1,165,041. Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2008, are as follows:

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

Fiscal Year Ending June 30	Principal	Interest	Total
2009	\$35,000	\$21,829	\$56,829
2010	40,000	20,320	60,320
2011	40,000	18,290	58,290
2012	40,000	15,930	55,930
2013	45,000	13,422	58,422
2014-2017	205,000	25,223	230,223
Total	<u>\$405,000</u>	<u>\$115,014</u>	<u>\$520,014</u>

Note 15 - Capital Leases – Lessee Disclosure

In prior years, the Career Center has entered into capitalized leases for copiers, duplicators, and heating and cooling systems upgrades. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2008 were \$67,080 for the governmental activities.

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$1,507,261	\$12,895
Less Accumulated Depreciation	(32,615)	(3,224)
Total June 30, 2008	<u>\$1,474,646</u>	<u>\$9,671</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008:

Fiscal Year Ending	Governmental Activities	Business-Type Activities
2009	\$110,930	\$4,147
2010	110,930	3,770
2011	110,930	0
2012	110,930	0
2013	110,930	0
2014-2018	554,646	0
2019-2022	443,717	0
Total	1,553,013	7,917
Less: Amount Representing Interest	(384,042)	(238)
Present Value of Net Minimum Lease Payments	<u>\$1,168,971</u>	<u>\$7,679</u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Note 16 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Career Centers. SEOVEC has 30 participants consisting of 26 School Districts and 4 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2008, the Career Center paid \$17,929 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, Athens, Ohio 45701.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. The Career Center's membership fee was \$300 for fiscal year 2008. The financial information for the Coalition can be obtained from Dick Fisher, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 17 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Career Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 18 - Contingencies

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2008.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

B. Litigation

The Career Center is currently party to legal proceedings. The possible outcome and effect on the financial statements cannot be determined at this time.

Note 19 - Set-Asides

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2008, this continues to be set aside.

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

	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2007	\$60,346	(\$8,143)	\$28,932
Current Year Set-aside Requirement	65,266	65,266	0
Qualifying Disbursements	(81,260)	(84,381)	0
Total	<u>\$44,352</u>	<u>(\$27,258)</u>	<u>\$28,932</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$44,352</u>	<u>(\$27,258)</u>	<u>\$28,932</u>

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

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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

FEDERAL GRANTOR/ Pass-Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	2008	10.550	\$	\$ 5,053	\$	\$ 5,053
Nutrition Cluster:						
School Breakfast Program	2008	10.553	16,074		16,074	
National School Lunch Program	2008	10.555	46,393		46,393	
Total Nutrition Cluster			<u>62,467</u>	<u>0</u>	<u>62,467</u>	<u>0</u>
Total United States Department of Agriculture			62,467	5,053	62,467	5,053
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Direct from Federal Government:</i>						
Federal Pell Grant Program	2008	84.063	125,373		125,373	
<i>Passed Through Ohio Department of Education:</i>						
Career and Technical Education - Basic Grants to States	2007	84.048	52,567		38,954	
	2008		224,904		215,766	
Total Career and Technical Education - Basic Grants to States			<u>277,471</u>	<u>0</u>	<u>254,720</u>	<u>0</u>
Safe and Drug-Free Schools and Communities - State Grants	2007	84.186			744	
	2008		782		782	
Total Safe and Drug-Free Schools and Communities - State Grants			<u>782</u>	<u>0</u>	<u>1,526</u>	<u>0</u>
State Grants for Innovative Programs	2008	84.298	939		582	
Reading First State Grants	2008	84.357			145	
Improving Teacher Quality State Grants	2007	84.367			652	
	2008		2,485			
Total Improving Teacher Quality State Grants			<u>2,485</u>	<u>0</u>	<u>652</u>	<u>0</u>
Total United States Department of Education			407,050	0	382,998	0
APPALACHIAN REGIONAL COMMISSION						
<i>Direct from Federal Government:</i>						
Appalachian Area Development	N/A	23.002	150,000		150,000	
Total Appalachian Regional Commission			<u>150,000</u>	<u>0</u>	<u>150,000</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 619,517</u>	<u>\$ 5,053</u>	<u>\$ 595,465</u>	<u>\$ 5,053</u>

The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of the Schedule.

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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 entitlement value of the commodities received.



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

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington County Career Center, Washington 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 and have issued our report thereon dated March 5, 2009. 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 the 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.

We noted certain matters that we reported to the Career Center's management in a separate letter dated March 5, 2009.

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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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 and 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Career Center's management in a separate letter dated March 5, 2009.

The Career Center's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Career Center's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

March 5, 2009



Mary Taylor, CPA

Auditor of State

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

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

Compliance

We have audited the compliance of the Washington County Career Center, Washington 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 each of its major federal programs 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 programs. 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 Career Center complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008. In a separate letter to the Career Center's management dated March 5, 2009, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

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.

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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 entity's ability to administer a federal program such that there is more than a remote likelihood that the entity'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. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Career Center's management in a separate letter dated March 5, 2009.

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

March 5, 2009

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON 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 weakness conditions 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)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions 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):	Career and Technical Education – Basic Grants to States - CFDA #84.048 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?	No

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been properly appropriated.

Expenditures exceeded appropriations at the legal level of control at June 30, 2008 in the following fund:

<u>Fund/Special Cost Center</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund (001-0000)	\$ 6,504,959	\$ 6,608,721	\$ (103,762)

Expenditures exceeded appropriations at the legal level of control at May 31, 2008 in the following funds:

<u>Fund/Special Cost Center</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Set Asides (001-9992)	\$ 100,291	\$ 114,224	\$ (13,933)
Food Service (006-0000)	102,638	115,689	(13,051)
MOVC Scholarship (007-9002)	11,440	22,089	(10,649)
Pell Grants (022-0000)	50,000	129,501	(79,501)
Full Service Center (413-908F)	18,000	18,518	(518)

Expenditures exceeded appropriations at the legal level of control at February 29, 2008 in the following fund:

<u>Fund/Special Cost Center</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Pell Grants (022-0000)	\$ 50,000	\$ 106,043	\$(56,043)

Expenditures exceeded appropriations at the legal level of control at November 30, 2007 in the following fund:

<u>Fund/Special Cost Center</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Pell Grants (022-0000)	\$ 50,000	\$ 92,573	\$(42,573)

This could result in the Career Center spending more money than is available to spend.

We recommend the Board of Education and the Treasurer compare expenditures to appropriations at the legal level of control on a monthly basis. If appropriations in addition to those already adopted are needed, the Board of Education should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Treasurer should deny requests for payment when appropriations are not available.

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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

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

FINDING NUMBER 2008-001 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

Officials' Response: General Fund variance created by the omission of transfers. Pell grants are encumbered prior to student qualifying for reimbursement and were not adjusted until fiscal year end. Money is handled on an "in/out" basis after student meets criteria so no risk of negative cash. Remaining items are result of encumbrance of blanket orders. Adjustments to cancel needed amounts are not made until after books are closed for month.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Admin. Code Section 117-2-02(C)(1) requires the Career Center's internal controls to reasonably assure that the budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

At June 30, 2008, the appropriations as approved by the Board of Education did not agree to the appropriations entered into the appropriations ledger for the following funds:

Fund	Approved Appropriations	Appropriations Posted to the Accounting System	Variance
High Schools that Work (461)	\$ 10,195	\$ 3,905	\$ 6,290
General Fund (001)	5,409,171	5,555,671	(146,500)

At June 30, 2008, estimated revenue as approved by the Board of Education did not agree to the amounts entered into the revenue ledger for the following funds:

Fund	Approved Estimated Revenue	Estimated Revenue Posted to the Accounting System	Variance
Carl Perkins (524-9066)	\$ 8,307	\$ 3,337	\$ 4,970
ARC Grant (599-9007)	300,000	150,000	150,000

The Board of Education approved an appropriation amendment in the E-Tech Professional Development Fund on November 20, 2007; however, the amendment was not posted until March 2008. Further, the Budget Commission approved an amended certificate on December 6, 2007 which included an amendment to the E-Tech Professional Development Fund; however, the amendment for this fund was not posted until June 2008.

Without information properly entered into the system, the Career Center lost some degree of budgetary control.

WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008
(Continued)

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

FINDING NUMBER 2008-002 (Continued)

Noncompliance Citation - Ohio Admin. Code Section 117-2-02(C)(1) (Continued)

We recommend the Treasurer take due care in posting only approved appropriations to the accounting system. We also recommend the Treasurer post amendments in a timely manner.

Officials' Response: These amounts all are tied to advances/transfers. Specifically, the grants all had unpaid advances at end of fiscal year 2007, which carried into fiscal year 2008 and were incorrectly posted to ledgers.

3. FINDINGS FOR FEDERAL AWARDS

None

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	A noncompliance citation was issued under Ohio Rev. Code Section 135.18(A) for not obtaining sufficient pledged securities in excess of the Federal Deposit Insurance limit of \$100,000.	Yes	N/A



Mary Taylor, CPA
Auditor of State

WASHINGTON COUNTY CAREER CENTER

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2009**