

PENTA CAREER CENTER
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, Ohio 43551

We have reviewed the *Independent Auditors' Report* of the Penta Career Center, Wood County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 31, 2010

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PENTA CAREER CENTER

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INDEPENDENT AUDITORS' REPORT

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Penta Career Center ("Career Center"), an Ohio Vocational School District, as of and for the year ended June 30, 2009, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center as of June 30, 2009, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and pages 49 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Penta Career Center's basic financial statements. The accompanying schedule of expenditures of federal awards on page 51 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "W. Brian Ltd".

January 29, 2010

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Unaudited**

The discussion and analysis of the Penta 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, 2009. 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 notes to the basic financial statements and basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities decreased \$462,162 which represents a 0.94% decrease from 2008.
- General revenues accounted for \$27,400,164 in revenue or 77.98% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$7,737,142 or 22.02% of total revenues of \$35,137,306.
- The Career Center had \$35,599,468 in expenses related to governmental activities; \$7,737,142 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The Career Center's largest major governmental fund is the general fund. The general fund had \$27,349,800 in revenues and other financing sources and \$27,378,881 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance decreased 0.81%.
- The fund balance of the bond retirement fund increased 1.05% during fiscal year 2009 from \$4,209,231 to \$4,253,543.
- The fund balance of the permanent improvement fund decreased \$9,363,272 during fiscal year 2009 due to \$15,180,582 in transfers out made to other funds to make principal and interest payments.
- During fiscal year 2009, the building fund had facilities acquisition and construction expenditures in the amount of \$4,707,036 and retired the \$11,000,000 tax anticipation note that was reported as a fund liability at June 30, 2008. The building fund received transfers of \$11,219,389 to finance the note retirement and construction costs.

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.

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

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Unaudited

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2009. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The Career Center's statement of net assets and statement of activities can be found on pages 13 and 14 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 9. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, bond retirement fund, permanent improvement fund, and the building fund.

Governmental Funds

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-18 of this report.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Unaudited

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for student managed activities. These activities are reported in an agency fund. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 19 and 20. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-48 of this report.

The Career Center as a Whole

The statement of net assets provides the perspective of the Career Center as a whole. Governmental activities net assets were restated at June 30, 2008 (see Notes 3.A. and 8 to the basic financial statements for detail). The table below provides a summary of the Career Center's net assets for 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	(Restated) Governmental Activities 2008
<u>Assets</u>		
Current and other assets	\$ 37,032,007	\$ 55,387,819
Capital assets	<u>93,753,892</u>	<u>92,617,300</u>
Total assets	<u>130,785,899</u>	<u>148,005,119</u>
<u>Liabilities</u>		
Current liabilities	18,088,944	33,333,058
Long-term liabilities	<u>63,858,454</u>	<u>65,371,398</u>
Total liabilities	<u>81,947,398</u>	<u>98,704,456</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	32,725,786	21,383,040
Restricted	13,496,772	26,532,738
Unrestricted	<u>2,615,943</u>	<u>1,384,885</u>
Total net assets	<u>\$ 48,838,501</u>	<u>\$ 49,300,663</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the Career Center's assets exceeded liabilities by \$48,838,501. Current assets and current liabilities decreased with the

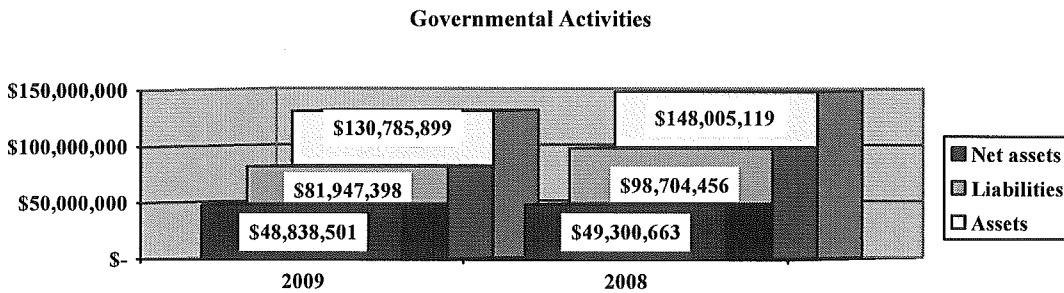
**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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retirement of the \$11 million tax anticipation note outstanding at June 30, 2008 and the completion of the construction project during fiscal year 2009.

At fiscal year-end, capital assets represented 71.69% of total assets. Capital assets include land, construction in progress, buildings and building improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009 were \$32,725,786. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net assets, \$13,496,772, represents resources that are subject to external restriction on how they may be used. The remaining balance of net assets of \$2,615,943 are unrestricted and may be used to meet the Career Center's ongoing obligations to the students and creditors.



The table below shows the change in net assets for fiscal years 2009 and 2008.

Change in Net Assets

	Governmental Activities <u>2009</u>	(Restated) Governmental Activities <u>2008</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,143,023	\$ 1,335,382
Operating grants and contributions	6,594,119	5,849,007
General revenues:		
Property taxes	15,355,398	16,256,174
Grants and entitlements	11,219,901	9,679,090
Investment earnings	596,158	2,033,791
Contributions and donations	184,559	317,846
Miscellaneous	44,148	1,890,792
Total revenues	<u>35,137,306</u>	<u>37,362,082</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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Change in Net Assets - (Continued)

	Governmental Activities 2009	(Restated) Governmental Activities 2008
<u>Expenses</u>		
Program expenses:		
Instruction:		
Special	\$ 1,328,986	\$ 1,170,298
Vocational	18,577,522	15,561,716
Adult/continuing	668,492	650,268
Support services:		
Pupil	2,922,505	2,635,908
Instructional staff	2,434,966	2,216,737
Board of education	92,847	52,372
Administration	1,288,705	1,252,883
Fiscal	664,633	602,806
Operations and maintenance	3,145,729	3,078,497
Central	318,190	306,446
Operation of non-instructional services	1,096,896	852,995
Extracurricular activities	125,457	139,689
Interest and fiscal charges	2,934,540	3,273,033
Total expenses	<u>35,599,468</u>	<u>31,793,648</u>
Change in net assets	(462,162)	5,568,434
Net assets at beginning of year	<u>49,300,663</u>	<u>43,732,229</u>
Net assets at end of year	<u>\$ 48,838,501</u>	<u>\$ 49,300,663</u>

Governmental Activities

Net assets of the Career Center's governmental activities decreased during fiscal year 2009 by \$462,162. Total revenues decreased 5.95% during fiscal year 2009. Property tax revenue decreased due to HB 66, which phases out the tax on tangible personal property of general businesses. The Career Center is reimbursed for this lost revenue from the State, which is one reason intergovernmental revenues increased from fiscal year 2008. The Career Center received more funding through State foundation during fiscal year 2009 causing an increase in unrestricted grants and entitlements. Interest revenues decreased due to less cash resources invested as monies were spent on construction as well as the drop in rates due to economic conditions. The Career Center received less contributions and donations and other miscellaneous revenues during fiscal year 2009.

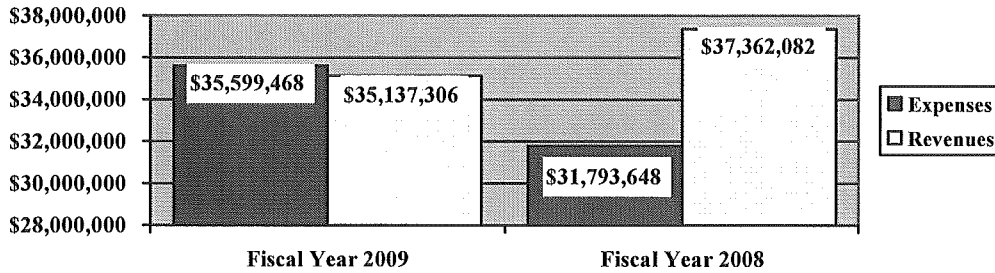
Fiscal year 2009 expenses increased 11.97% from fiscal year 2008. This is due in part to additional programs being offered to more students at the new building. In addition, depreciation expense increased \$2,311,878 from the prior year as a result of the completion of the new building construction and the related buildings and building improvements, land improvements, and furniture, fixtures and equipment being transferred out of construction in progress and capitalized during fiscal year 2009.

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The graph below presents the Career Center's governmental activities revenue and expenses for fiscal year 2009 and 2008.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2009 and 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services (Restated) 2008	Net Cost of Services (Restated) 2008
Program expenses				
Instruction:				
Regular	\$ -	\$ -	\$ -	\$ (15,867)
Special	1,328,986	(8,856)	1,170,298	(16,136)
Vocational	18,577,522	14,119,315	15,561,716	11,274,664
Adult/continuing	668,492	172,533	650,268	(267,890)
Support services:				
Pupil	2,922,505	2,542,450	2,635,908	2,612,358
Instructional staff	2,434,966	2,197,869	2,216,737	2,216,737
Board of education	92,847	92,847	52,372	52,372
Administration	1,288,705	1,065,241	1,252,883	1,252,883
Fiscal	664,633	664,633	602,806	602,806
Operations and maintenance	3,145,729	3,145,729	3,078,497	3,078,497
Central	318,190	318,190	306,446	306,446
Operation of non-instructional services	1,096,896	512,725	852,995	99,667
Extracurricular activities	125,457	105,110	139,689	139,689
Interest and fiscal charges	2,934,540	2,934,540	3,273,033	3,273,033
Total expenses	\$ 35,599,468	\$ 27,862,326	\$ 31,793,648	\$ 24,609,259

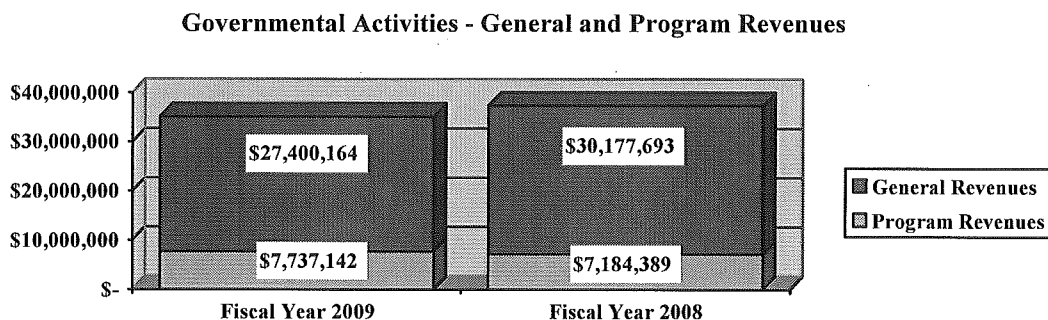
The dependence upon taxes and other general revenues for governmental activities is apparent. For all governmental activities, general revenue support is 78.27%. The Career Center's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for Career Center's students.

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Several programs, however, receive significant contributions from program revenues. For instance, 69.19% of instruction costs are provided for through program revenues, primarily operating grants and contributions and charges for services which include tuition and fees.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2009 and 2008.



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$17,519,044, which is lower than last year's total of \$20,563,472. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance (Deficit) <u>June 30, 2009</u>	Fund Balance (Deficit) <u>June 30, 2008</u>	Increase (Decrease)
General	\$ 3,584,568	\$ 3,613,649	\$ (29,081)
Bond retirement	4,253,543	4,209,231	44,312
Permanent improvement	9,739,992	19,103,264	(9,363,272)
Building	-	(6,367,704)	6,367,704
Other Governmental	(59,059)	5,032	(64,091)
Total	\$ 17,519,044	\$ 20,563,472	\$ (3,044,428)

**PENTA CAREER CENTER
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Unaudited

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 10,501,647	\$ 11,476,102	(8.49) %
Tuition	11,200	200,600	(94.42) %
Earnings on investments	470,280	637,128	(26.19) %
Intergovernmental	15,732,887	13,620,633	15.51 %
Other revenues	<u>513,245</u>	<u>441,844</u>	16.16 %
Total	<u>\$ 27,229,259</u>	<u>\$ 26,376,307</u>	3.23 %
<u>Expenditures</u>			
Instruction	\$ 17,034,174	\$ 14,923,682	14.14 %
Support services	8,915,040	8,549,251	4.28 %
Other non-instructional services	260,953	226,321	15.30 %
Extracurricular activities	125,457	137,835	(8.98) %
Capital outlay	120,541	-	- %
Debt service	<u>30,616</u>	<u>-</u>	- %
Total	<u>\$ 26,486,781</u>	<u>\$ 23,837,089</u>	11.12 %

The general fund balance decreased by \$29,081 during fiscal year 2009. The Career Center's general fund still sees a continuation of overall revenues being more than expenditures. Tax revenue decreased 8.49% when compared to the prior fiscal year. This is due to HB 66, which phases out the tax on tangible personal property of general businesses. The Career Center is reimbursed for this lost revenue from the State, which contributed to the 15.51% increase in intergovernmental revenues during fiscal year 2009. Increased foundation revenue also contributed to the increase in intergovernmental revenues. The decrease in earnings on investments is due to lower interest rates and less money to invest when compared to the prior fiscal year.

Overall expenditures increased by 11.12%, during fiscal year 2009. Capital outlay and debt service expenditures were a result of the capital lease obligation entered into by the Career Center for office equipment during fiscal year 2009. Instructional services increased as a result of costs associated with offering programs to approximately 100 additional students over the previous year and offering programs in the new building for the first time, including exercise science and fire/EMT.

Bond Retirement Fund

During fiscal year 2009, the bond retirement fund made principal and interest payments of \$1,300,000 and \$2,715,307, respectively. The debt payments were funded by transfers from the permanent improvement fund.

Permanent Improvement Fund

The 49.01% decrease in the fund balance of the permanent improvement fund is a result of \$15,180,582 in transfers out to other funds (see Note 5.B. to the notes to the basic financial statements for detail on the transfers).

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Building Fund

The building fund had \$4,707,036 in facilities acquisition and construction expenditures related to the construction of the new building. The building fund also received transfers from other funds to retire the \$11,000,000 tax anticipation note during fiscal year 2009. At June 30, 2009, the building fund had \$114,792 held in escrow for retainage payable to vendors.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the Career Center amended its general fund budget several times. For the general fund, original and final budgeted revenues and other financing sources were \$27,741,963 and \$27,674,974, respectively. Actual revenues and other financing sources for fiscal year 2009 were \$27,575,592. This represents a \$99,382 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$27,849,497 were increased to \$28,426,511 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$26,909,767, which was \$1,516,744 less than the final budget appropriations.

Capital Assets

Capital assets of the governmental activities at June 30, 2008 were restated as described in Note 8 to the basic financial statements. At the end of fiscal 2009, the Career Center had \$93,753,892 invested in land, construction in progress, land improvements, buildings and building improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2009 balances compared to 2008:

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

	Governmental Activities	
	2009	(Restated) 2008
Land	\$ 7,150,778	\$ 4,706,312
Construction in progress	105,247	86,372,415
Land improvements	2,468,786	-
Building and building improvements	80,389,989	4,957
Furniture, fixtures and equipment	3,383,178	1,257,081
Vehicles	255,914	276,535
Total	\$ 93,753,892	\$ 92,617,300

The overall increase in capital assets of \$1,136,592 occurred as a result of the completion of the construction of the new building, and furniture, fixtures and equipment additions to furnish the building. Total additions to capital assets for 2009 were \$3,832,548 (net of \$86,372,415 being transferred out of construction in progress), total disposals were \$146,121 (net of accumulated depreciation) and depreciation expense was \$2,549,835.

**PENTA CAREER CENTER
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Unaudited**

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

Debt Administration

At June 30, 2009 and June 30, 2008, the Career Center had the following debt obligations outstanding:

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Land acquisition bonds	\$ 1,220,000	\$ 1,590,000
Certificates of participation	58,890,000	60,190,000
Tax anticipation note	-	11,000,000
Capital lease obligation	<u>94,882</u>	<u>-</u>
Total	<u>\$ 60,204,882</u>	<u>\$ 72,780,000</u>

At June 30, 2009 the District's overall legal debt margin was \$533,043,662 with an unvoted debt margin of \$5,889,001.

See Notes 10 and 11 to the basic financial statements for more detail on the District's debt obligations.

Current Related Financial Activities

Construction of the new campus was completed in August 2008. The Career Center officially opened to students for the start of the 2008-2009 school year on September 2, 2008. The facility was completed about eight months ahead of schedule giving the Career Center the opportunity to open the new campus to students one school year earlier than originally anticipated. Enrollment for the 2008-2009 school year increased approximately one hundred fifty students over the previous year. Much of this was attributed to the 10th grade exploratory programs being offered for the first time as well several other new career and technical offerings including exercise science, animal science, and fire/EMT.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Carrie J. Herringshaw, Treasurer, Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

PENTA CAREER CENTER

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 15,121,365
Cash and cash equivalents with escrow agent . .	114,792
Investments	4,193,071
Receivables:	
Taxes	15,866,939
Accounts	8,889
Intergovernmental	56,263
Accrued interest	86,250
Prepayments	64,030
Inventory held for resale	5,330
Materials and supplies inventory	3,098
Unamortized issuance costs.	1,511,980
Capital assets:	
Land	7,150,778
Construction in progress	105,247
Depreciable capital assets, net	86,497,867
Capital assets, net.	93,753,892
Total assets.	130,785,899
Liabilities:	
Accounts payable.	117,807
Contracts payable.	71,281
Retainage payable	123,060
Accrued wages and benefits	2,556,224
Matured compensated absences payable	186,406
Separation benefits payable	10,500
Intergovernmental payable	489,294
Accrued interest payable	674,808
Unearned revenue.	13,859,564
Long-term liabilities:	
Due within one year.	2,088,656
Due within more than one year	61,769,798
Total liabilities	81,947,398
Net Assets:	
Invested in capital assets, net of related debt . .	32,725,786
Restricted for:	
Capital projects	9,912,513
Debt service	3,581,239
State funded programs.	3,020
Unrestricted	2,615,943
Total net assets	\$ 48,838,501

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:			
Instruction:			
Special	\$ 1,328,986	\$ -	\$ 1,337,842
Vocational	18,577,522	275,391	4,182,816
Adult/continuing	668,492	293,491	202,468
Support services:			
Pupil	2,922,505	27,374	352,681
Instructional staff	2,434,966	-	237,097
Board of education	92,847	-	-
Administration	1,288,705	139,040	84,424
Fiscal	664,633	-	-
Operations and maintenance	3,145,729	-	-
Central	318,190	-	-
Operation of non-instructional services:			
Food service operations	835,943	387,380	196,791
Other non-instructional services	260,953	-	-
Extracurricular activities	125,457	20,347	-
Interest and fiscal charges	2,934,540	-	-
Total governmental activities	<u>\$ 35,599,468</u>	<u>\$ 1,143,023</u>	<u>\$ 6,594,119</u>
General Revenues:			
Property taxes levied for:			
General purposes			10,618,573
Permanent improvement			4,736,825
Grants and entitlements not restricted			
to specific programs			11,219,901
Investment earnings			596,158
Contributions and donations			184,559
Miscellaneous			44,148
Total general revenues			<u>27,400,164</u>
Change in net assets			(462,162)
Net assets at beginning of year (restated)			<u>49,300,663</u>
Net assets at end of year			<u>\$ 48,838,501</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 5,780,375	\$ 60,472	\$ 9,142,296	\$ -	\$ 138,222	\$ 15,121,365
Investments	-	4,193,071	-	-	-	4,193,071
Receivables:						
Property taxes	10,628,147	-	5,238,792	-	-	15,866,939
Accounts	1,400	-	-	-	7,489	8,889
Intergovernmental	3,550	-	-	-	52,713	56,263
Accrued interest	83,746	2,504	-	-	-	86,250
Interfund loans	63,715	-	186,585	-	-	250,300
Prepayments	64,030	-	-	-	-	64,030
Inventory held for resale	-	-	-	-	5,330	5,330
Materials and supplies inventory	-	-	-	-	3,098	3,098
Restricted assets:						
Cash and cash equivalents with escrow agent	-	-	-	114,792	-	114,792
Total assets	<u>\$ 16,624,963</u>	<u>\$ 4,256,047</u>	<u>\$ 14,567,673</u>	<u>\$ 114,792</u>	<u>\$ 206,852</u>	<u>\$ 35,770,327</u>
Liabilities:						
Accounts payable	\$ 97,412	\$ -	\$ -	\$ -	\$ 20,395	\$ 117,807
Contracts payable	-	-	71,281	-	-	71,281
Retainage payable	-	-	8,268	-	-	8,268
Accrued wages and benefits	2,490,491	-	-	-	65,733	2,556,224
Matured compensated absences payable	167,050	-	-	-	19,356	186,406
Separation benefits payable	9,000	-	-	-	1,500	10,500
Intergovernmental payable	441,367	-	-	-	47,927	489,294
Interfund loan payable	186,585	-	-	-	63,715	250,300
Liabilities payable from restricted assets:						
Retainage payable	-	-	-	114,792	-	114,792
Deferred revenue	364,537	2,504	172,521	-	47,285	586,847
Unearned revenue	9,283,953	-	4,575,611	-	-	13,859,564
Total liabilities	<u>13,040,395</u>	<u>2,504</u>	<u>4,827,681</u>	<u>114,792</u>	<u>265,911</u>	<u>18,251,283</u>
Fund Balances:						
Reserved for encumbrances	482,783	-	67,541	-	73,303	623,627
Reserved for prepayments	64,030	-	-	-	-	64,030
Reserved for property taxes	994,178	-	490,660	-	-	1,484,838
Unreserved, undesignated (deficit), reported in:						
General fund	2,043,577	-	-	-	-	2,043,577
Special revenue funds	-	-	-	-	(132,362)	(132,362)
Debt service fund	-	4,253,543	-	-	-	4,253,543
Capital projects funds	-	-	9,181,791	-	-	9,181,791
Total fund balances (deficit)	<u>3,584,568</u>	<u>4,253,543</u>	<u>9,739,992</u>	<u>-</u>	<u>(59,059)</u>	<u>17,519,044</u>
Total liabilities and fund balances	<u>\$ 16,624,963</u>	<u>\$ 4,256,047</u>	<u>\$ 14,567,673</u>	<u>\$ 114,792</u>	<u>\$ 206,852</u>	<u>\$ 35,770,327</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$ 17,519,044
<i>Amounts reported for governmental activities on 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.		93,753,892
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	522,537	
Intergovernmental receivable	47,285	
Accrued interest receivable	17,025	
Total	586,847	586,847
Unamortized issuance costs are not recognized in the funds		1,511,980
Unamortized premiums on issuances are not recognized in the funds.		(823,224)
Accrued interest payable is not due and payable within the current period and therefore is not reported in the funds.		(674,808)
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(2,830,348)	
General obligation bonds payable	(1,220,000)	
Certificates of participation payable	(58,890,000)	
Capital lease obligation	(94,882)	
	(63,035,230)	(63,035,230)
Net assets of governmental activities		\$ 48,838,501

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes	\$ 10,501,647	\$ -	\$ 4,664,565	\$ -	\$ -	\$ 15,166,212
Tuition	11,200	-	-	-	414,300	425,500
Charges for services	264,191	-	-	-	421,901	686,092
Earnings on investments	470,280	98,426	247,390	-	-	816,096
Extracurricular	20,347	-	-	-	-	20,347
Classroom materials and fees	-	-	-	-	11,082	11,082
Gifts and donations	184,559	-	-	-	-	184,559
Other local revenues	44,148	-	-	-	7,493	51,641
Intergovernmental - State	15,732,887	-	867,357	-	294,757	16,895,001
Intergovernmental - Federal	-	-	-	-	925,760	925,760
Total revenue	<u>27,229,259</u>	<u>98,426</u>	<u>5,779,312</u>	<u>-</u>	<u>2,075,293</u>	<u>35,182,290</u>
Expenditures:						
Current:						
Instruction:						
Special	1,214,004	-	-	-	-	1,214,004
Vocational	15,806,548	-	-	-	128,089	15,934,637
Adult/continuing	13,622	-	-	-	630,269	643,891
Support services:						
Pupil	2,347,286	-	-	-	364,514	2,711,800
Instructional staff	2,003,139	-	-	-	225,580	2,228,719
Board of education	75,219	-	-	-	-	75,219
Administration	938,806	-	-	-	287,182	1,225,988
Fiscal	598,284	-	55,871	-	-	654,155
Operations and maintenance	2,634,639	-	48,394	-	-	2,683,033
Central	317,667	-	-	-	-	317,667
Operation of non-instructional services:						
Food service operations	-	-	-	-	695,850	695,850
Other non-instructional services	260,953	-	-	-	-	260,953
Extracurricular activities	125,457	-	-	-	-	125,457
Capital outlay	120,541	-	-	-	-	120,541
Facilities acquisition and construction	-	-	123,515	4,707,036	-	4,830,551
Debt service:						
Principal retirement	25,659	1,300,000	370,000	-	-	1,695,659
Interest and fiscal charges	4,957	2,715,307	64,222	144,649	-	2,929,135
Total expenditures	<u>26,486,781</u>	<u>4,015,307</u>	<u>662,002</u>	<u>4,851,685</u>	<u>2,331,484</u>	<u>38,347,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>742,478</u>	<u>(3,916,881)</u>	<u>5,117,310</u>	<u>(4,851,685)</u>	<u>(256,191)</u>	<u>(3,164,969)</u>
Other financing sources (uses):						
Capital lease transaction	120,541	-	-	-	-	120,541
Transfers in	-	3,961,193	700,000	11,219,389	192,100	16,072,682
Transfers (out)	(892,100)	-	(15,180,582)	-	-	(16,072,682)
Total other financing sources (uses)	<u>(771,559)</u>	<u>3,961,193</u>	<u>(14,480,582)</u>	<u>11,219,389</u>	<u>192,100</u>	<u>120,541</u>
Net change in fund balances	(29,081)	44,312	(9,363,272)	6,367,704	(64,091)	(3,044,428)
Fund balances (deficit) at beginning of year.	<u>3,613,649</u>	<u>4,209,231</u>	<u>19,103,264</u>	<u>(6,367,704)</u>	<u>5,032</u>	<u>20,563,472</u>
Fund balances (deficit) at end of year	<u>\$ 3,584,568</u>	<u>\$ 4,253,543</u>	<u>\$ 9,739,992</u>	<u>\$ -</u>	<u>\$ (59,059)</u>	<u>\$ 17,519,044</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER

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, 2009

Net change in fund balances - total governmental funds \$ (3,044,428)

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 outlay exceeds depreciation expense in the current period.

Capital asset additions	3,832,548	
Current year depreciation	(2,549,835)	
Total		1,282,713

Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (146,121)

Capital lease transactions are recorded as an other financing source in the governmental funds; however, the proceeds increase long-term liabilities on the statement of net assets. (120,541)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,695,659

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

Taxes	189,186	
Intergovernmental revenue	(14,232)	
Accrued interest	(219,938)	
Total		(44,984)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being recorded in the statement of activities:

Decrease in accrued interest payable	9,974	
Amortization of premium	18,381	
Amortization of issuance costs	(33,760)	
Total		(5,405)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported in the funds. (79,055)

Change in net assets of governmental activities \$ (462,162)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 6,280	<u>\$ 6,919</u>
Liabilities:		
Due to students	-	<u>\$ 6,919</u>
Net Assets:		
Held in trust for students	<u>\$ 6,280</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
 STATEMENT OF CHANGES IN NET ASSETS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
Additions:	
Gifts and donations	\$ 5,900
Total additions.	5,900
Deductions:	
Non-instructional services.	4,300
Change in net assets	1,600
Net assets at beginning of year.	4,680
Net assets at end of year	\$ 6,280

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a nine member Board of Education consisting of a representative from the participating school districts' elected Boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and one representative from each of the most populous counties: Lucas and Wood. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established in 1964. The Career Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. It is staffed by 47 classified employees, 221 certified teaching personnel and 26 administrative employees who provide services to 1,852 students and other community members. The Career Center currently operates one instructional building.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes 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; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

The following organizations are described due to their relationship to the Career Center:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

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

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2009, the Career Center paid \$70,065 to NWOCA for various services. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, Archbold, Ohio 43502.

INSURANCE POOLS

Ohio School Plan

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

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

Wood County Insurance Consortium

The Wood County Insurance Consortium (WCIC) is a public entity shared risk pool consisting of six local school districts, one exempted village school district, a city school district, the Career Center, and an educational service center. WCIC is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the WCIC.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the WCIC is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Medical Mutual of Ohio, 3737 Sylvania Avenue, Toledo, Ohio 43623.

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. These statements usually distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the Career center has no business-type activities.

The statement of net assets presents the financial condition of the governmental 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Career Center.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Bond retirement fund - The bond retirement debt service fund accounts for the accumulation of resources for, and the payment of principal, interest and related costs of the certificates of participation.

Permanent improvement fund - The permanent improvement capital projects fund accounts for property taxes restricted for the acquisition, construction, or improvement of capital facilities.

Building fund - The building capital projects fund accounts for proceeds from the issuance of certificates of participation used to construct a new campus.

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for various student-managed activities.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

D. 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 (e.g., revenues) and decreases (e.g., 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 reflects 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.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

E. Basis of Accounting

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

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

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

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

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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, student fees and charges for services.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the estimate of revenues, certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The estimate of revenues provides information regarding the estimated revenues for all funds, along with a schedule of outstanding general obligation debt. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level for these funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the Career Center prior to fiscal year end.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

G. Cash and Investments

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

Cash and cash equivalents that are held separately by an escrow agent for payment of retainage to contractors upon project completion are recorded as "cash and cash equivalents with escrow agent".

During fiscal year 2009, the Career Center's investments included nonnegotiable certificates of deposit, federal agency securities, repurchase agreements, mutual funds and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit and repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

The Board of Education, by resolution, allocated interest earnings at the end of each fiscal year. Interest revenue credited to the general fund during fiscal year 2009 was \$470,280, which includes \$294,528 assigned from other Career Center funds.

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

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated food and purchased food.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

J. Unamortized Issuance Costs

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds.

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

K. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Career Center has resources set-aside in separate escrow accounts whose use is limited to the payment of retainage to contractors.

L. 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 in the fund financial statements.

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

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful lives</u>
Land improvements	20 years
Buildings and building improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 10 years

M. Interfund Balances

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

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

O. Accrued Liabilities and Long-Term Obligations

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

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

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Career Center applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Career Center did not have any net assets restricted by enabling legislation.

**PENTA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Q. Fund Balance Reserves

Reservations of fund balances indicate that portion of fund equity which are not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for property taxes, encumbrances, and prepayments. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

R. Unamortized Premiums

On government-wide financial statements, premiums are deferred and amortized over the term of the debt using the debt-outstanding method, which approximates the effective interest method. Premiums are presented as an addition to the face of the debt.

On the government-wide financial statements, premiums are recognized as other financing sources in the period in which the debt is issued.

S. Interfund Activity

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

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

T. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

A restatement of capital assets and net assets of governmental activities was required to properly state capital assets at June 30, 2008 to remove assets previously reported in construction in progress that were individually less than the capitalization threshold (see Note 8 to the notes to the basic financial statements for detail). Net assets as previously reported at June 30, 2008, decreased \$1,694,446 from \$50,995,109 to \$49,300,663.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Change in Accounting Principles

For fiscal year 2009, the Career Center has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the Career Center.

C. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 25,887
ABLE	20,029
Post secondary education	7,622
Miscellaneous State grants	658
Tech preparation	21,744
Title V	2,031

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**PENTA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At fiscal year end, the Career Center had \$1,188 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all Career Center deposits was \$11,015,175. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$8,767,698 of the Career Center's bank balance of \$11,132,490 was exposed to custodial risk as discussed below, while \$2,364,792 was covered by the FDIC.

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

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2009, the Career Center had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase agreements	\$ 182,289	\$ 182,289
Federal home loan mortgage corporation notes	4,193,071	4,193,071
STAR Ohio	3,990,228	3,990,228
Mutual funds	60,476	60,476
 Total	 <u>\$ 8,426,064</u>	 <u>\$ 8,426,064</u>

A significant portion of these investments are held by a specific fund as presented below:

	<u>Bond Retirement</u>
Federal home loan mortgage corporation notes	\$ 4,193,071

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the Career Center. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

Credit Risk: The investments in Federal Home Loan Mortgage Corporation notes carry a rating of Aaa by Moodys. The securities underlying the repurchase agreements (Government National Mortgage Association Bonds) carry a rating of AAA by Moodys. The mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAAM by Standard & Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements be limited to investments listed in items 1 and 2 on page 32 and no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of 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 repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the school district's name. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2009:

<u>Investment type</u>	<u>Fair value</u>	<u>% to total</u>
Repurchase agreements	\$ 182,289	2.16
Federal home loan mortgage corporation notes	4,193,071	49.76
STAR Ohio	3,990,228	47.36
Mutual funds	<u>60,476</u>	<u>0.72</u>
Total	<u>\$ 8,426,064</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,015,175
Investments	8,426,064
Cash on hand	<u>1,188</u>
Total	<u>\$ 19,442,427</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 19,429,228
Private-purpose trust funds	6,280
Agency funds	<u>6,919</u>
Total	<u>\$ 19,442,427</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. At June 30, 2009, the general fund had an interfund receivable, in the amount of \$63,715, from other governmental funds as a result of providing cash flow resources until the receipt of grant monies.

The permanent improvement capital projects fund had an interfund receivable, in the amount of \$186,585, from the general fund for revenues recorded in the general fund and due to the permanent improvement capital projects fund.

- B. During fiscal year 2009, the general fund made transfers to the permanent improvement capital projects fund, in the amount of \$700,000, to pay principal and interest on the land acquisition general obligation bonds. The general fund also made transfers to other governmental funds, in the amount of \$192,100, to subsidize the operations of food service and adult education.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The permanent improvement capital projects fund made transfers to the bond retirement debt service fund and the building capital projects fund, in the amount of \$3,961,193 and \$11,219,389, respectively, to pay principal and interest on certificates of participation and to make the principal and interest payments on the tax anticipation notes.

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 property, public utility property and tangible personal (used in business) property located in the Career Center. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$994,178 in the general fund and \$490,660 in the permanent improvement capital projects fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$1,182,978 in the general fund and \$508,087 in the permanent improvement capital projects fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

**PENTA CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 5,536,781,020	94.53	\$ 5,688,453,340	96.50
Public utility personal	220,816,260	3.77	203,531,780	3.45
Tangible personal property	<u>99,367,798</u>	<u>1.70</u>	<u>2,700,188</u>	<u>0.05</u>
Total	<u>\$ 5,856,965,078</u>	<u>100.00</u>	<u>\$ 5,894,685,308</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. 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. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivable follows:

Governmental activities:	<u>Amount</u>
General fund:	
Charges for services	\$ <u>3,550</u>
Other nonmajor governmental funds:	
Adult education	5,428
Post secondary education	10,242
Vocational education	400
Tech preparation	<u>36,643</u>
Total other governmental funds	<u>52,713</u>
Total intergovernmental receivables	<u>\$ 56,263</u>

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS

Governmental activities capital assets, net of accumulated depreciation, were restated at June 30, 2008 from \$94,311,746 to \$92,617,300 to remove assets in the amount of \$1,694,446 previously reported in construction in progress that were individually less than the capitalization threshold. Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Restated Balance <u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/09</u>
Governmental activities:				
<i>Nondepreciable capital assets:</i>				
Land	\$ 4,706,312	\$ 2,444,466	\$ -	\$ 7,150,778
Construction in progress	<u>86,372,415</u>	<u>105,247</u>	<u>(86,372,415)</u>	<u>105,247</u>
Total nondepreciable capital assets	<u>91,078,727</u>	<u>2,549,713</u>	<u>(86,372,415)</u>	<u>7,256,025</u>
<i>Depreciable capital assets:</i>				
Land improvements	-	2,657,497	-	2,657,497
Buildings and building improvements	19,653	82,255,885	-	82,275,538
Furniture, fixtures and equipment	3,104,589	2,701,183	(647,157)	5,158,615
Vehicles	<u>1,017,557</u>	<u>40,685</u>	<u>-</u>	<u>1,058,242</u>
Total depreciable capital assets	<u>4,141,799</u>	<u>87,655,250</u>	<u>(647,157)</u>	<u>91,149,892</u>
<i>Less: accumulated depreciated</i>				
Land improvements	-	(188,711)	-	(188,711)
Buildings and building improvements	(14,696)	(1,870,853)	-	(1,885,549)
Furniture, fixtures and equipment	(1,847,508)	(428,965)	501,036	(1,775,437)
Vehicles	<u>(741,022)</u>	<u>(61,306)</u>	<u>-</u>	<u>(802,328)</u>
Total accumulated depreciation	<u>(2,603,226)</u>	<u>(2,549,835)</u>	<u>501,036</u>	<u>(4,652,025)</u>
Depreciable capital assets, net	<u>1,538,573</u>	<u>85,105,415</u>	<u>(146,121)</u>	<u>86,497,867</u>
Governmental activities capital assets, net	<u>\$ 92,617,300</u>	<u>\$ 87,655,128</u>	<u>\$ (86,518,536)</u>	<u>\$ 93,753,892</u>

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Special	\$ 90,928
Vocational	1,635,160
Adult/continuing	18,042
<u>Support services:</u>	
Pupil	25,134
Instructional staff	155,979
Board of education	12,137
Administration	49,333
Fiscal	6,744
Operations and maintenance	442,568
Food service operations	<u>113,810</u>
Total depreciation expense	<u>\$ 2,549,835</u>

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2009, the Career Center entered into a lease agreement for office equipment. The Career Center's lease obligation met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases". Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized and depreciated as follows:

Governmental activities

Capital assets, being depreciated:	
Furniture, fixtures and equipment	\$ 120,541
Less: accumulated depreciation	
Furniture, fixtures and equipment	<u>(13,812)</u>
<i>Total capital assets, being depreciated, net</i>	<u>\$ 106,729</u>

The following is a schedule of the future long-term minimum lease payments required under capital lease and the present value of the minimum lease payments as of June 30, 2009.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2010	\$ 33,400
2011	33,400
2012	33,400
2013	<u>2,783</u>
	102,983
Less: amount representing interest	<u>(8,101)</u>
Present value of minimum lease payments	<u>\$ 94,882</u>

NOTE 10 - NOTES PAYABLE

A summary of the note transactions for the fiscal year ended June 30, 2009, is as follows:

	<u>Interest rate</u>	<u>Balance 06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/09</u>
Governmental activities:					
Tax anticipation notes					
February 27, 2008	2.00%	\$ 11,000,000	\$ -	\$ (11,000,000)	\$ -

During fiscal year 2008, the Career Center issued capital facility tax anticipation notes, in the amount of \$11,000,000, to partially retire notes previously issued to construct a new campus. The tax anticipation notes were issued on February 27, 2008, with an interest rate of 2.00 percent, for one year. The notes were repaid during fiscal year 2009.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 11 - LONG-TERM OBLIGATIONS

The Career Center's long-term obligations during the year 2009 were as follows:

	<u>Balance</u> <u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/09</u>	<u>Amounts</u> <u>due in</u> <u>one year</u>
Governmental activities:					
2002 Land acquisition bonds					
2.5 - 5.25%	\$ 1,590,000	\$ -	\$ (370,000)	\$ 1,220,000	\$ 390,000
2004 Certificates of participation					
1.4 - 5%	60,190,000	-	(1,300,000)	58,890,000	1,330,000
Premium on certificates					
of participation	841,605	-	(18,381)	823,224	-
Capital lease obligation	-	120,541	(25,659)	94,882	29,108
Compensated absences payable	<u>2,749,793</u>	<u>396,330</u>	<u>(315,775)</u>	<u>2,830,348</u>	<u>339,548</u>
Total governmental activities					
long-term obligations	<u>\$ 65,371,398</u>	<u>\$ 516,871</u>	<u>\$ (2,029,815)</u>	<u>\$ 63,858,454</u>	<u>\$ 2,088,656</u>

Land Acquisition General Obligation Bonds - In fiscal year 2002, the Career Center issued \$3,500,000 in unvoted general obligation bonds to acquire land. The bonds were issued for a ten year period, with final maturity on December 1, 2011. The bonds are being retired from the permanent improvement capital projects fund with transfers from the general fund.

Certificates of Participation - On March 1, 2004, the Career Center entered into a lease agreement with the Agricultural Incubator Foundation for constructing, equipping and furnishing a new campus facility. The Agricultural Incubator Foundation entered into an agreement with a Trustee through which it assigned and transferred its rights, title, and interest under the lease to Huntington Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance of the Certificates were used to construct the new campus.

Terms of the trust indenture required a portion of the proceeds to be set-aside for certificate payments equal to the amount due in the first year. The current certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account is used solely to make rent payments if a deficiency exists in the current certificate payment account and, if all payments are current, to make payment of the last certificate payment.

The obligation of the Career Center under the lease and any subsequent lease renewal is subject to the annual appropriation of the rental payments. Legal title to the facilities remains with the Trustee until all payments required under the lease have been made. At that time, title will be transferred to the Career Center. In the event the Career Center defaults on the lease, after thirty days the lessor may lease the campus to a new tenant. Under terms of the lease agreement, the Career Center may not lease, acquire, or allocate funds to acquire functionally similar facilities for thirty days after default. The lease obligation will be paid from a one mill permanent improvement property tax levy.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The Certificates of Participation are not a general obligation of the Career Center and are payable only from appropriations by the Career Center for annual lease payments.

Compensated absences will be paid from the general fund and the food service and adult education special revenue funds.

The Career Center's overall debt margin was \$533,043,662 with an unvoted debt margin of \$5,889,001 at June 30, 2009.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2009, were as follows:

Fiscal Year Ending	Land Acquisition Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 390,000	\$ 45,930	\$ 435,930	\$ 1,330,000	\$ 2,684,431	\$ 4,014,431
2011	405,000	28,238	433,238	1,395,000	2,617,931	4,012,931
2012	425,000	9,562	434,562	1,455,000	2,558,644	4,013,644
2013	-	-	-	1,500,000	2,513,175	4,013,175
2014	-	-	-	1,550,000	2,462,550	4,012,550
2015 - 2019	-	-	-	8,845,000	11,221,462	20,066,462
2020 - 2024	-	-	-	11,185,000	8,886,650	20,071,650
2025 - 2029	-	-	-	14,015,000	6,062,450	20,077,450
2030 - 2034	-	-	-	17,615,000	2,456,263	20,071,263
Total	<u>\$ 1,220,000</u>	<u>\$ 83,730</u>	<u>\$ 1,303,730</u>	<u>\$ 58,890,000</u>	<u>\$ 41,463,556</u>	<u>\$ 100,353,556</u>

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred eighty-five days for all employees, with the exception of the superintendent and treasurer who may accumulate up to a maximum of three hundred twenty days. Upon retirement, with ten consecutive years of service with the Career Center, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of seventy-one and one-fourth days.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Health Care Benefits

The Career Center offers employee, medical and dental benefits through the Wood County Insurance Consortium. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to most employees through MetLife. Vision coverage is provided through Vision Service Plan.

C. Separation Benefits

The Career Center provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System, that has ten years of service with the Career Center, will be paid \$1,500 if notification of pending retirement is submitted in writing to the Superintendent no later than March 1 for retirement effective at the end of the current school year or prior to the following school year. During fiscal year 2009, there was an addition to separation benefits of \$10,500 which has been reported as a liability at June 30, 2009.

NOTE 13 - RISK MANAGEMENT

The Career center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Career Center contracted for the following insurance coverage.

Coverage provided by Ohio School Plan is as follows:

General liability	
Per occurrence	\$1,000,000
Aggregate	3,000,000
Excess liability	2,000,000

Coverage provided by the Netherlands Insurance Company is as follows:

Building	\$92,075,000
Computer equipment	2,415,653
Computer software	100,000
Automobile liability	1,000,000

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

For fiscal year 2009, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverages and deductibles selected by the participant.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 13 - RISK MANAGEMENT - (Continued)

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

The Career Center participates in the Wood County Insurance Consortium (WCIC), a public entity shared risk pool of six local districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. The Career Center pays monthly premiums to the WCIC for employee medical and dental benefits. Upon withdrawal from the WCIC, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 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, 2009, 2008 and 2007 were \$307,953, \$300,687 and \$325,427, respectively; 87.30 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 14 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,874,678, \$1,859,260 and \$1,783,020, respectively; 86.02 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$12,823 made by the Career Center and \$34,305 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 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 2009, the actuarially determined 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 (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$151,508, \$137,213 and \$108,042, respectively; 87.30 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$25,409, \$21,665 and \$22,129, respectively; 87.30 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2009, 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, 2009, 2008, and 2007 were \$144,206, \$143,635 and \$137,711, respectively; 86.02 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 16 - CONTRACTUAL OBLIGATIONS

As of June 30, 2009, the Career Center had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
JMB Construction	Storage building	\$ 67,541

NOTE 17 - CONTINGENCIES

A. Grants

The Career Center receives financial assistance from federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Career Center at June 30, 2009.

B. Litigation

Subsequent to June 30, 2009, Penta Career Center has been named in a civil suit involving termination of an employee. While it is management's opinion, after consultation with legal counsel, that the Career Center is adequately insured for any potential loss that may result from this lawsuit, the probable outcome of the suit or the effect on the Career Center's financial statements, if any, cannot presently be determined.

**PENTA CAREER CENTER
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 18 - STATUTORY RESERVES

The Career Center is required by State statute to annually set-aside, in the general fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2009.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside cash balance as of June 30, 2008	\$ -	\$ -
Current year set-aside requirement	299,199	299,199
Qualifying disbursements	(2,392,726)	(348,705)
Current year off-sets	<u>-</u>	<u>(4,701,707)</u>
Total	<u>\$ (2,093,527)</u>	<u>\$ (4,751,213)</u>
Balance carried forward to fiscal year 2010	<u>\$ (2,093,527)</u>	<u>\$ -</u>

Although the Career Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital improvements reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year. The amount of qualifying disbursements exceeding the set-aside requirement in the textbooks reserve may be carried forward to reduce the set-aside requirement for future years.

PENTA CAREER CENTER

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
From local sources:				
Taxes	\$ 11,546,499	\$ 11,258,078	\$ 10,733,819	\$ (524,259)
Tuition	-	11,000	11,200	200
Earnings on investments	300,000	178,000	420,575	242,575
Extracurricular	14,000	14,000	20,347	6,347
Contract services	245,800	273,800	272,265	(1,535)
Contributions and donations	105,200	204,200	202,938	(1,262)
Other local revenues	40,000	58,000	55,617	(2,383)
Intergovernmental - State	15,375,691	15,563,123	15,732,887	169,764
Total revenue	<u>27,627,190</u>	<u>27,560,201</u>	<u>27,449,648</u>	<u>(110,553)</u>
Expenditures:				
Current:				
Instruction:				
Special	1,177,285	1,177,285	1,134,465	42,820
Vocational	15,943,960	15,960,186	15,442,639	517,547
Adult/continuing	11,586	13,900	13,622	278
Support services:				
Pupil	2,363,265	2,405,725	2,325,764	79,961
Instructional staff	2,073,115	2,073,115	1,955,041	118,074
Board of education	81,822	81,822	88,023	(6,201)
Administration	1,060,050	1,060,050	979,447	80,603
Fiscal	574,104	574,104	592,172	(18,068)
Operations and maintenance	3,012,733	3,012,733	2,700,484	312,249
Central	468,788	468,788	329,524	139,264
Non-instructional services	303,326	303,627	272,666	30,961
Extracurricular	154,463	154,463	135,207	19,256
Total expenditures	<u>27,224,497</u>	<u>27,285,798</u>	<u>25,969,054</u>	<u>1,316,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>402,693</u>	<u>274,403</u>	<u>1,480,594</u>	<u>1,206,191</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	11,171	11,171
Transfers (out)	(300,000)	(892,100)	(892,100)	-
Advances in	114,773	114,773	114,773	-
Advances (out)	(125,000)	(48,613)	(48,613)	-
Contingencies	(200,000)	(200,000)	-	200,000
Total other financing sources (uses)	<u>(510,227)</u>	<u>(1,025,940)</u>	<u>(814,769)</u>	<u>211,171</u>
Net change in fund balance	(107,534)	(751,537)	665,825	1,417,362
Fund balance at beginning of year	3,446,965	3,446,965	3,446,965	-
Prior year encumbrances appropriated	1,144,787	1,144,787	1,144,787	-
Fund balance at end of year	<u>\$ 4,484,218</u>	<u>\$ 3,840,215</u>	<u>\$ 5,257,577</u>	<u>\$ 1,417,362</u>

SEE ACCOMPANYING NOTES TO THIS SCHEDULE

PENTA CAREER CENTER

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Notes:

While the Career Center is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance - budget (non-GAAP basis) and actual 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 the GAAP basis are as follows:

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

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund are as follows:

Changes in Fund Balance

	<u>General fund</u>
Budget basis	\$ 665,825
Net adjustment for revenue accruals	(220,389)
Net adjustment for expenditure accruals	(1,055,627)
Net adjustment for other sources/uses	43,210
Adjustment for encumbrances	<u>537,900</u>
GAAP basis	<u>\$ (29,081)</u>

**PENTA CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (ACCRUAL BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass - Through Grantor/ Program Title	CFDA Number	Award Amount	Grant Receipts	Non-Cash Receipts	Grant Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF EDUCATION						
Pell Grant	84.063	\$ 119,188	\$ 119,188	\$ -0-	\$ 119,188	\$ -0-
Supplemental Education Opportunity Grant	84.007	<u>5,518</u>	<u>5,518</u>	<u>-0-</u>	<u>5,518</u>	<u>-0-</u>
Total Student Financial Assistance Cluster		<u>124,706</u>	<u>124,706</u>	<u>-0-</u>	<u>124,706</u>	<u>-0-</u>
<i>Pass through Four County Career Center</i>						
Career and Technical Education Basic Grants (Adult)	N/A	25,521	25,521	-0-	25,521	-0-
<i>Pass through Ohio Department of Education</i>						
Career and Technical Education Basic Grants (Secondary)	84.048	379,506	338,127	-0-	370,374	-0-
Career and Technical Education Basic Grants (Secondary)	84.048	373,867	49,636	-0-	-0-	-0-
Career and Technical Education Basic Grants (Stem)	84.048	150,000	127,125	-0-	131,249	-0-
Career and Technical Education Basic Grants (Stem)	84.048	<u>90,445</u>	<u>40,673</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		<u>1,019,339</u>	<u>581,082</u>	<u>-0-</u>	<u>527,144</u>	<u>-0-</u>
Adult Basic Education - FY 2009	84.002	168,497	147,506	-0-	166,789	-0-
Adult Basic Education - FY 2008	84.002	<u>182,908</u>	<u>2,554</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		<u>351,405</u>	<u>150,060</u>	<u>-0-</u>	<u>166,789</u>	<u>-0-</u>
Title IV-A - Safe and Drug Free Schools	84.186	5,223	5,223	-0-	5,223	-0-
Title IV-A - Safe and Drug Free Schools	84.186	<u>5,861</u>	<u>5,275</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		<u>11,084</u>	<u>10,498</u>	<u>-0-</u>	<u>5,223</u>	<u>-0-</u>
Title V - Innovative Education	84.298	2,257	2,257	-0-	2,257	-0-
Title V - Innovative Education	84.298	<u>7,036</u>	<u>3,106</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		<u>9,293</u>	<u>5,363</u>	<u>-0-</u>	<u>2,257</u>	<u>-0-</u>
Title II-A - Improving Teacher Quality	84.367	4,063	4,063	-0-	4,063	-0-
Title II-A - Improving Teacher Quality	84.367	<u>12,659</u>	<u>11,393</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		<u>16,722</u>	<u>15,456</u>	<u>-0-</u>	<u>4,063</u>	<u>-0-</u>
TOTAL DEPARTMENT OF EDUCATION		<u>1,532,549</u>	<u>887,165</u>	<u>-0-</u>	<u>830,182</u>	<u>-0-</u>
U.S. DEPARTMENT OF AGRICULTURE						
<i>Pass through Ohio Department of Education</i>						
School Breakfast Program	10.553	42,865	42,865	-0-	42,865	-0-
National School Lunch Program	10.555	<u>205,546</u>	<u>136,448</u>	<u>69,098</u>	<u>136,448</u>	<u>69,098</u>
TOTAL DEPARTMENT OF AGRICULTURE		<u>248,411</u>	<u>179,313</u>	<u>69,098</u>	<u>179,313</u>	<u>69,098</u>
TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS		<u>\$1,780,960</u>	<u>\$1,066,478</u>	<u>\$69,098</u>	<u>\$1,009,495</u>	<u>\$69,098</u>

NOTE - Food Distribution

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.



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

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center ("Career Center"), as of and for the year ended June 30, 2009, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the Career Center in a separate letter dated January 29, 2010.

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

Weber O'Brien Ltd

January 29, 2010



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

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

Compliance

We have audited the compliance of Penta Career Center ("Career Center"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The Career Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, the Career Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

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

A handwritten signature in cursive script that reads "W. Brian Ltd".

January 29, 2010

PENTA CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2009

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____yes	___X___none reported
Noncompliance material to financial statements noted?	_____yes	___X___no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____yes	___X___no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____yes	___X___none reported

Type of auditors’ report issued on compliance for major programs:		<u>Unqualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____yes	___X___no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Career and Technical Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$300,000</u>
Auditee qualified as low risk auditee?	___X___yes	_____No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PENTA CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009

NONE



Independent Accountants' Report on Applying Agreed Upon Procedures

Penta Career Center
9301 Buck Road
Perrysburg, OH 43551

To the Board of Education:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Penta Career Center has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on August 13, 2008, the date on which it approved the Student Handbook, which contains the policy.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666 (B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school sponsored events;
 - 2) A procedure for reporting prohibited incidents;
 - 3) A procedure for documenting any prohibited incident that is reported;
 - 4) A procedure for responding to and investigating any reported incident;
 - 5) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
 - 6) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.

3. We noted that the current policy does not include the following requirements from Ohio Revised Code Section 3313.666 (B):
 - 1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - 2) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 3) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 4) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Walter O'Brien Ltd.

January 29, 2010



Mary Taylor, CPA
Auditor of State

PENTA CAREER CENTER

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 13, 2010**