

Apollo Career Center

Allen County

Single Audit

July 1, 2009 through June 30, 2010

Fiscal Year Audited Under GAGAS: 2010



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Dave Yost • Auditor of State

Board of Education  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

We have reviewed the *Independent Auditor's Report* of the Apollo Career Center, Allen County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 30, 2011

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Apollo Career Center  
Allen County, Ohio

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### Independent Auditor's Report

Member of the Board  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center (the Career Center), Allen County, Ohio, as of and for the year ended June 30, 2010, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

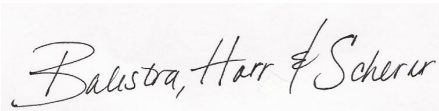
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General and Adult Education funds thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the Career Center elected to change its basis of accounting from the cash basis of accounting to accounting principles generally accepted in the United States of America and restated beginning fund balances and net assets accordingly as of July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2011, on our consideration of the Career Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Career Center's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is required of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

February 22, 2011

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

The discussion and analysis of Apollo Career Center's financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Apollo Career Center's financial position.

The statement of net assets and the statement of activities provide information about the activities of the Career Center as a whole, presenting both an aggregate and a longer-term view of the Career Center.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Career Center's most significant funds individually and the Career Center's non-major funds in a single column. The Career Center's major funds are the General Fund and Adult Education special revenue fund.

**REPORTING THE CAREER CENTER AS A WHOLE**

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These 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 whether the financial position of the Career Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors can include changes in the Career Center's property tax base and the condition of the Career Center's capital assets. These factors must be considered when assessing the overall health of the Career Center.

In the statement of net assets and the statement of activities, all of the Career Center's activities are reported as governmental activities. All of the Career Center's programs and services are reported here, including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

**REPORTING THE SHOOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

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



**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Governmental Funds - The Career Center's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The Career Center's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's operations.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Career Center's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

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

THE CAREER CENTER AS A WHOLE

Table 1 provides a summary of the Career Center's net assets for fiscal year 2010 and fiscal year 2009:

	Table 1 Net Assets		
	2010	2009	Change
<u>Assets</u>			
Current and Other Assets	\$11,269,067	\$10,767,234	\$501,833
Capital Assets, Net	7,174,376	7,175,118	(742)
Total Assets	18,443,443	17,942,352	501,091
<u>Liabilities</u>			
Current and Other Liabilities	5,348,275	5,213,170	(135,105)
Long-Term Liabilities	1,748,394	1,863,862	115,468
Total Liabilities	7,096,669	7,077,032	(19,637)

(continued)

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 1  
Net Assets  
(continued)

	2010	2009	Change
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$6,237,513	\$6,104,415	\$133,098
Restricted	1,635,257	1,470,762	164,495
Unrestricted	3,474,004	3,290,143	183,861
Total Net Assets	<u>\$11,346,774</u>	<u>\$10,865,320</u>	<u>\$481,454</u>

A review of the above table reflects no significant changes from the prior fiscal year.

Table 2 reflects the changes in net assets for fiscal year 2010. Since this is the first year the Career Center has prepared financial statements according to GASB Statement No. 34, revenue and expense comparisons to fiscal year 2009 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2  
Change in Net Assets

	Governmental Activities 2010
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$4,437,184
Operating Grants, Contributions, and Interest	1,324,900
Total Program Revenues	<u>5,762,084</u>
General Revenues	
Property Taxes	3,659,759
Grants and Entitlements not Restricted to Specific Programs	6,304,722
Interest	43,317
Miscellaneous	433,590
Total General Revenues	<u>10,441,388</u>
Total Revenues	<u>16,203,472</u>
	(continued)

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 2  
Change in Net Assets  
(continued)

	Governmental Activities
	2010
<u>Program Expenses</u>	
Instruction	
Regular	\$361,639
Special	151,996
Vocational	6,392,228
Adult/Continuing	2,647,106
Support Services	
Pupils	802,378
Instructional Staff	1,325,544
Board of Education	43,128
Administration	869,594
Fiscal	475,074
Operation and Maintenance of Plant	1,518,530
Transportation	57,862
Central	708,161
Noninstructional Services	340,477
Extracurricular Activities	28,301
Total Expenses	15,722,018
Increase in Net Assets	481,454
Net Assets Beginning of Year	10,865,320
Net Assets End of Year	\$11,346,774

Program revenues made up 36 percent of total revenues for fiscal year 2010. Program revenues generally consist of tuition and fees, charges for providing lunches to students, and grants for specified purposes.

The major program expenses are for instruction, which account for 61 percent of all governmental expenses.

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements. Comparisons to fiscal year 2009 have not been made since they are not available for this year.

Table 3  
Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010
Instruction		
Regular	\$361,639	\$338,298
Special	151,996	(237,666)
Vocational	6,392,228	4,906,623
Adult/Continuing	2,647,106	(881,069)
Support Services		
Pupils	802,378	797,378
Instructional Staff	1,325,544	1,325,544
Board of Education	43,128	43,128
Administration	869,594	869,594
Fiscal	475,074	475,074
Operations and Maintenance of Plant	1,518,530	1,518,530
Transportation	57,862	57,862
Central	708,161	708,161
Noninstructional Services	340,477	10,176
Extracurricular Activities	28,301	28,301
Total Expenses	<u>\$15,722,018</u>	<u>\$9,959,934</u>

It should be noted that for all governmental activities, over 63 percent of the revenues to provide these services are derived from the Career Center's general revenues; that being primarily property taxes and State shared revenues. The remaining 37 percent are derived from tuition and fees, specific grants, and donations. The special instruction program costs were fully funded with operating grants. Almost 18 percent of the vocational program costs are provided for by charges for services. The adult/continuing program costs were full funded with tuition and operating grants. The noninstructional services program costs were almost fully funded through user charges from cafeteria sales and state and federal subsidies.

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund and the Adult Education special revenue fund. The excess of revenues over expenditures led to an 8 percent increase in fund balance in the General Fund and a 34 percent increase in the Adult Education special revenue fund.

**GENERAL FUND BUDGETING HIGHLIGHTS**

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

During fiscal year 2010, the Career Center amended its General Fund budget as needed. Changes from both the original budget to the final budget and from the final budget to actual revenues were not significant. The same can be said for expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2010, the Career Center had \$7,174,376 invested in capital assets, net of accumulated depreciation. For further information regarding the Career Center's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2010, the Career Center's outstanding debt consisted of long-term loans, in the amount of \$936,863, issued for the construction of buildings. In addition, the Career Center's long-term obligations also include compensated absences. For further information regarding the Career Center's long-term obligations, refer to Note 14 to the basic financial statements.

**CURRENT ISSUES**

For fiscal year 2011, the Career Center's five year forecast projects an overall 5 percent increase for total expenses. The separate components of the increase project salaries to increase by 4.7 percent, fringe benefits by 6.1 percent, purchased services by 10.5 percent (mostly because fiscal year 2011 will include two years of property insurance premiums), supplies and materials by 1.4 percent, and miscellaneous expenditures by 6.8 percent. Operating revenues are expected to increase slightly. The projected change in cash as of June 30, 2011, is a loss of \$555,800. This shortfall will not be addressed until the Career Center receives notification from the State on how the State's deficit will effect funding. Cost cutting measures will be implemented upon this notification.

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in our Career Center's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Greg Bukowski, Treasurer, Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.

**Apollo Career Center**  
Statement of Net Assets  
June 30, 2010

	Governmental Activities
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$6,738,955
Accounts Receivable	44,856
Accrued Interest Receivable	36,203
Intergovernmental Receivable	164,760
Prepaid Items	37,973
Property Taxes Receivable	4,246,320
Nondepreciable Capital Assets	341,208
Depreciable Capital Assets, Net	6,833,168
 Total Assets	 18,443,443
<b><u>Liabilities</u></b>	
Accrued Wages and Benefits Payable	1,219,612
Accounts Payable	113,498
Intergovernmental Payable	291,642
Deferred Revenue	3,723,523
Long-Term Liabilities	
Due Within One Year	301,026
Due in More Than One Year	1,447,368
 Total Liabilities	 7,096,669
<b><u>Net Assets</u></b>	
Invested in Capital Assets, Net of Related Debt	6,237,513
Restricted for:	
Capital Projects	958,899
Other Purposes	676,358
Unrestricted	3,474,004
 Total Net Assets	 \$11,346,774

See accompanying notes to the basic financial statements

**Apollo Career Center**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	
<b><u>Governmental Activities</u></b>				
Instruction:				
Regular	\$361,639	\$23,341	\$0	(\$338,298)
Special	151,996	0	389,662	237,666
Vocational	6,392,228	1,145,453	340,152	(4,906,623)
Adult/Continuing	2,647,106	3,075,509	452,666	881,069
Support Services:				
Pupils	802,378	0	5,000	(797,378)
Instructional Staff	1,325,544	0	0	(1,325,544)
Board of Education	43,128	0	0	(43,128)
Administration	869,594	0	0	(869,594)
Fiscal	475,074	0	0	(475,074)
Operation and Maintenance of Plant	1,518,530	0	0	(1,518,530)
Pupil Transportation	57,862	0	0	(57,862)
Central	708,161	0	0	(708,161)
Noninstructional Services	340,477	192,881	137,420	(10,176)
Extracurricular Activities	28,301	0	0	(28,301)
Total Governmental Activities	<u>\$15,722,018</u>	<u>\$4,437,184</u>	<u>\$1,324,900</u>	<u>(9,959,934)</u>
 <b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				3,027,489
Permanent Improvements				632,270
Grants and Entitlements not Restricted to Specific Programs				6,304,722
Interest				43,317
Miscellaneous				433,590
				<u>10,441,388</u>
Total General Revenues				<u>10,441,388</u>
Change in Net Assets				481,454
Net Assets at Beginning of Year - Restated (Note 3)				<u>10,865,320</u>
Net Assets at End of Year				<u>\$11,346,774</u>

See accompanying notes to the basic financial statements



**Apollo Career Center**  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General	Adult Education	Permanent Improvement	Other Governmental	Total
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$4,813,780	\$730,684	\$916,763	\$277,728	\$6,738,955
Accounts Receivable	44,351	0	0	505	44,856
Accrued Interest Receivable	36,203	0	0	0	36,203
Intergovernmental Receivable	0	164,760	0	0	164,760
Prepaid Items	19,198	15,315	2,440	1,020	37,973
Property Taxes Receivable	3,468,282	0	778,038	0	4,246,320
Total Assets	<u>\$8,381,814</u>	<u>\$910,759</u>	<u>\$1,697,241</u>	<u>\$279,253</u>	<u>\$11,269,067</u>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accrued Wages and Benefits Payable	\$1,003,465	\$213,990	\$0	\$2,157	\$1,219,612
Accounts Payable	41,935	25,849	22,769	22,945	113,498
Intergovernmental Payable	246,363	42,317	0	2,962	291,642
Deferred Revenue	3,234,237	80,850	760,385	0	4,075,472
Total Liabilities	<u>4,526,000</u>	<u>363,006</u>	<u>783,154</u>	<u>28,064</u>	<u>5,700,224</u>
<b><u>Fund Balances</u></b>					
Reserved for Property Taxes	269,936	0	17,653	0	287,589
Reserved for Encumbrances	618,699	158,217	167,030	24,867	968,813
Unreserved, Designated for Termination Benefits	0	0	0	184,613	184,613
Unreserved, Reported in General Fund	2,967,179	0	0	0	2,967,179
Special Revenue Funds	0	389,536	0	41,709	431,245
Capital Projects Fund	0	0	729,404	0	729,404
Total Fund Balances	<u>3,855,814</u>	<u>547,753</u>	<u>914,087</u>	<u>251,189</u>	<u>5,568,843</u>
Total Liabilities and Fund Balances	<u>\$8,381,814</u>	<u>\$910,759</u>	<u>\$1,697,241</u>	<u>\$279,253</u>	<u>\$11,269,067</u>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
 Reconciliation of Total Governmental Fund Balances  
 to Net Assets of Governmental Activities  
 June 30, 2010

Total Governmental Fund Balances		\$5,568,843
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**Amounts reported for governmental activities on the statement of net assets are different because of the following:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,174,376
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	1,485	
Accrued Interest Receivable	34,406	
Intergovernmental Receivable	80,850	
Property Taxes Receivable	235,208	
		351,949

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Loans Payable	(936,863)	
Compensated Absences Payable	(811,531)	
		(1,748,394)

Net Assets of Governmental Activities		\$11,346,774
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See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2010

	General	Adult Education	Permanent Improvement	Other Governmental	Total
<b>Revenues</b>					
Property Taxes	\$2,957,825	\$0	\$618,925	\$0	\$3,576,750
Intergovernmental	6,454,446	340,753	239,938	570,433	7,605,570
Interest	112,975	8,520	0	1,239	122,734
Tuition and Fees	723,793	2,979,310	0	0	3,703,103
Charges for Services	443,516	78,098	0	192,881	714,495
Miscellaneous	169,881	94,560	160,259	8,890	433,590
<b>Total Revenues</b>	<b>10,862,436</b>	<b>3,501,241</b>	<b>1,019,122</b>	<b>773,443</b>	<b>16,156,242</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	353,869	0	0	0	353,869
Special	152,295	0	0	0	152,295
Vocational	5,896,975	0	8,738	195,758	6,101,471
Adult/Continuing	0	2,581,039	0	42,753	2,623,792
Support Services:					
Pupils	682,961	95,258	0	32,416	810,635
Instructional Staff	492,351	647,663	357	170,297	1,310,668
Board of Education	42,720	0	0	0	42,720
Administration	846,523	0	215	15,708	862,446
Fiscal	454,231	0	14,538	0	468,769
Operation and Maintenance of Plant	1,146,497	7,692	3,065	0	1,157,254
Pupil Transportation	10,133	0	0	0	10,133
Central	424,221	0	2,640	0	426,861
Noninstructional Services	2,860	0	0	318,318	321,178
Extracurricular Activities	28,301	0	0	0	28,301
Capital Outlay	0	0	1,032,512	0	1,032,512
Debt Service:					
Principal Retirement	0	80,505	53,335	0	133,840
<b>Total Expenditures</b>	<b>10,533,937</b>	<b>3,412,157</b>	<b>1,115,400</b>	<b>775,250</b>	<b>15,836,744</b>
Excess of Revenues Over (Under) Expenditures	328,499	89,084	(96,278)	(1,807)	319,498
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	50,000	0	0	50,000
Transfers Out	(50,000)	0	0	0	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(50,000)</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes in Fund Balances</b>	<b>278,499</b>	<b>139,084</b>	<b>(96,278)</b>	<b>(1,807)</b>	<b>319,498</b>
Fund Balances at Beginning of Year - Restated (Note 3)	3,577,315	408,669	1,010,365	252,996	5,249,345
<b>Fund Balances at End of Year</b>	<b>\$3,855,814</b>	<b>\$547,753</b>	<b>\$914,087</b>	<b>\$251,189</b>	<b>\$5,568,843</b>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Fiscal Year Ended June 30, 2010

Changes in Fund Balances - Total Governmental Funds \$319,498

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

Governmental funds report capital outlays as expenditures. However, on 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 depreciation exceeded capital outlay in the current fiscal year:

Capital Outlay - Nondepreciable Assets	75,000	
Capital Outlay - Depreciable Assets	344,804	
Depreciation	(420,546)	(742)

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

Property Taxes	83,009	
Intergovernmental	14,293	
Interest	(69,658)	
Tuition and Fees	2,223	
Charges for Services	17,363	47,230

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 133,840

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (18,372)

Change in Net Assets of Governmental Activities \$481,454

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,915,784	\$2,915,784	\$2,956,197	\$40,413
Intergovernmental	6,515,913	6,442,258	6,454,446	12,188
Interest	120,477	120,489	121,536	1,047
Tuition and Fees	715,640	718,073	721,733	3,660
Charges for Services	308,252	423,217	442,654	19,437
Miscellaneous	68,221	66,555	129,937	63,382
<b>Total Revenues</b>	<b>10,644,287</b>	<b>10,686,376</b>	<b>10,826,503</b>	<b>140,127</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	400,900	400,900	394,332	6,568
Special	142,800	142,800	154,253	(11,453)
Vocational	6,178,559	6,102,459	6,246,978	(144,519)
Support Services:				
Pupils	687,000	687,000	733,822	(46,822)
Instructional Staff	541,000	541,000	523,739	17,261
Board of Education	56,810	56,810	50,998	5,812
Administration	899,200	899,200	914,351	(15,151)
Fiscal	482,000	483,000	472,284	10,716
Operation and Maintenance of Plant	1,168,000	1,168,000	1,232,759	(64,759)
Pupil Transportation	19,000	19,000	9,537	9,463
Central	430,500	430,500	460,692	(30,192)
Noninstructional Activities	2,500	3,300	2,860	440
Extracurricular Activities	20,000	20,000	30,121	(10,121)
<b>Total Expenditures</b>	<b>11,028,269</b>	<b>10,953,969</b>	<b>11,226,726</b>	<b>(272,757)</b>
Excess of Revenues				
Under Expenditures	(383,982)	(267,593)	(400,223)	(132,630)
<b>Other Financing Sources (Uses)</b>				
Other Financing Uses	0	(3,951,698)	0	3,951,698
Advances In	107,258	107,258	1,908	(105,350)
Advances Out	0	0	(1,000)	(1,000)
Transfers In	102,050	0	0	0
Transfers Out	(50,000)	(50,000)	(50,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>159,308</b>	<b>(3,894,440)</b>	<b>(49,092)</b>	<b>3,845,348</b>
Changes in Fund Balance	(224,674)	(4,162,033)	(449,315)	3,712,718
Fund Balance at Beginning of Year	3,941,786	3,941,786	3,941,786	0
Prior Year Encumbrances Appropriated	679,918	679,918	679,918	0
<b>Fund Balance at End of Year</b>	<b>\$4,397,030</b>	<b>\$459,671</b>	<b>\$4,172,389</b>	<b>\$3,712,718</b>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
Adult Education Fund  
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>Revenues</u></b>				
Intergovernmental	\$342,060	\$342,060	\$340,753	(\$1,307)
Interest	5,159	5,159	8,520	3,361
Tuition and Fees	2,488,985	3,031,585	3,024,736	(6,849)
Charges for Services	44,083	44,083	73,041	28,958
Miscellaneous	43,640	93,640	94,560	920
<b>Total Revenues</b>	<b>2,923,927</b>	<b>3,516,527</b>	<b>3,541,610</b>	<b>25,083</b>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Vocational	2,425,208	3,085,208	2,688,002	397,206
Support Services:				
Pupils	73,116	73,116	73,609	(493)
Instructional Staff	657,536	657,536	727,378	(69,842)
Operation and Maintenance of Plant	7,000	7,000	6,927	73
Debt Service:				
Principal Retirement	81,000	81,000	80,505	495
<b>Total Expenditures</b>	<b>3,243,860</b>	<b>3,903,860</b>	<b>3,576,421</b>	<b>327,439</b>
Excess of Revenues Under Expenditures	(319,933)	(387,333)	(34,811)	352,522
<b><u>Other Financing Sources (Uses)</u></b>				
Refund of Prior Year Expenditures	684	684	0	(684)
Transfers In	0	0	50,000	50,000
Transfers Out	(25,000)	(25,000)	0	25,000
<b>Total Other Financing Sources (Uses)</b>	<b>(24,316)</b>	<b>(24,316)</b>	<b>50,000</b>	<b>74,316</b>
Changes in Fund Balance	(344,249)	(411,649)	15,189	426,838
Fund Balance at Beginning of Year	274,105	274,105	274,105	0
Prior Year Encumbrances Appropriated	258,860	258,860	258,860	0
<b>Fund Balance at End of Year</b>	<b>\$188,716</b>	<b>\$121,316</b>	<b>\$548,154</b>	<b>\$426,838</b>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

	Private Purpose Trust	Agency
<b><u>Assets</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$169,798	\$57,787
Intergovernmental Receivable	0	7,123
Total Assets	169,798	\$64,910
<b><u>Liabilities</u></b>		
Accounts Payable	1,300	\$0
Due to Students	0	57,199
Undistributed Assets	0	7,711
Total Liabilities	1,300	\$64,910
<b><u>Net Assets</u></b>		
Held in Trust for Scholarships	\$168,498	

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Change in Fiduciary Net Assets  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2010

<b><u>Additions</u></b>	
Interest	\$7,426
Gifts and Contributions	16,355
Miscellaneous	<u>20,068</u>
Total Additions	43,849
<b><u>Deductions</u></b>	
Noninstructional Services	<u>41,638</u>
Change in Net Assets	2,211
Net Assets at Beginning of Year	<u>166,287</u>
Net Assets at End of Year	<u><u>\$168,498</u></u>

See accompanying notes to the basic financial statements



Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 1 - Description of the Career Center and Reporting Entity**

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

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

**Reporting Entity**

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

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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, contributions, and interest that are restricted to meeting the operational 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.

**Fund Financial Statements**

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

**B. Fund Accounting**

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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Governmental Funds

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

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

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

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

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

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 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 School District's agency funds account for unallocated Pell grants and various noninstructional staff-related and student-managed activities.

**C. Measurement Focus**

Government-Wide Financial Statements

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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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.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

**E. Budgetary Process**

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

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

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.

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**F. Cash and Investments**

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

During fiscal year 2010, the Career Center’s investments included nonnegotiable certificates of deposit, negotiable certificates of deposit, repurchase agreements, federal agency securities, mutual funds, and STAR Ohio. The Career Center’s 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, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 was \$112,975, which included \$21,721 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.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2010, 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.

**H. Capital Assets**

All of the Career Center’s capital assets are general capital assets which generally result from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Career Center maintains a capitalization threshold of two thousand dollars. The Career Center does not have 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 capitalized.

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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All capital assets, except land, 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	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	8 years

**I. 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. An accrual for sick leave is made 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. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term loans are recognized as liabilities on the fund financial statements when due.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants. The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Fund Balance Reserves and Designations**

The Career Center reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for property taxes and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation for termination benefits represents monies set aside by the Board for the future payment of those benefits.

**M. 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 financial statements.

**N. Estimates**

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

**Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets**

For the fiscal year ended June 30, 2010, the Career Center has presented for the first time basic financial statements in accordance with generally accepted accounting principles. In conjunction with this presentation, the Career Center has changed its basis of accounting from the cash basis of accounting to government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds.

This change required that certain adjustments be recorded to the July 1, 2009, fund balances/net assets as previously recorded to reflect the prior year's effect of adopting these new accounting principles.



Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

The transition from cash fund balance for governmental funds is as follows:

	General Fund	Adult Education	Permanent Improvement
Cash Fund Balance, June 30, 2009	\$4,621,704	\$532,965	\$1,049,021
Basis of Accounting Adjustments:			
Cash and Cash Equivalents	7,228	0	0
Accounts Receivable	0	124,279	0
Accrued Interest Receivable	110,157	0	0
Intergovernmental Receivable	0	48,456	0
Interfund Receivable	908	0	0
Property Taxes Receivable	3,161,712	0	830,894
Accrued Wages and Benefits Payable	(986,603)	(162,775)	0
Accounts Payable	(74,736)	(37,139)	(55,955)
Intergovernmental Payable	(265,587)	(48,661)	0
Interfund Payable	0	0	0
Deferred Revenue	(2,997,468)	(48,456)	(813,595)
Adjusted Fund Balance	<u>\$3,577,315</u>	<u>\$408,669</u>	<u>\$1,010,365</u>

	Other Governmental Funds	Total Governmental Funds
Cash Fund Balance, June 30, 2009	\$144,110	\$6,347,800
Basis of Accounting Adjustments:		
Cash and Cash Equivalents	0	7,228
Accounts Receivable	0	124,279
Accrued Interest Receivable	0	110,157
Intergovernmental Receivable	135,800	184,256
Interfund Receivable	0	908
Property Taxes Receivable	0	3,992,606
Accrued Wages and Benefits Payable	(10,017)	(1,159,395)
Accounts Payable	(225)	(168,055)
Intergovernmental Payable	(15,764)	(330,012)
Interfund Payable	(908)	(908)
Deferred Revenue	0	(3,859,519)
Adjusted Fund Balance	<u>\$252,996</u>	<u>\$5,249,345</u>

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The transition from governmental fund balance to net assets of governmental activities is as follows:

	Total Governmental Activities
Fund Balance at June 30, 2009	\$5,249,345
GASB Statement No. 34 Adjustments:	
Accrued Interest Receivable	104,064
Intergovernmental Receivable	48,456
Property Taxes Receivable	152,199
Capital Assets	7,175,118
Loans Payable	(1,070,703)
Compensated Absences Payable	(793,159)
Governmental Activities Net Assets At June 30, 2009	\$10,865,320

**Note 4 - Accountability**

At June 30, 2010, the Vocational Education Enhancement, Miscellaneous State Grants, Adult Basic Literacy Education, and Vocational Education special revenue funds had deficit fund balances of \$17, \$46, \$626, and \$1,321, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

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 Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and the Adult Education special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are 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).

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

Changes in Fund Balance

	General	Adult Education
GAAP Basis	\$278,499	\$139,084
<u>Increase (Decrease) Due To</u>		
Revenue Accruals:		
Accrued FY 2009, Received in Cash FY 2010	274,401	124,279
Accrued FY 2010, Not Yet Received in Cash	(314,599)	(83,910)
Expenditure Accruals:		
Accrued FY 2009, Paid in Cash FY 2010	(1,326,926)	(248,575)
Accrued FY 2010, Not Yet Paid in Cash	1,291,763	282,156
Change in Fair Value	4,265	0
Prepaid Items	(19,198)	(15,315)
Advances In	1,908	0
Advances Out	(1,000)	0
Encumbrances Outstanding at Year End (Budget Basis)	(638,428)	(182,530)
Budget Basis	(\$449,315)	\$15,189

**Note 6 - Deposits and Investments**

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

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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.

Investments

As of June 30, 2010, the Career Center had the following investments.

	Total	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Negotiable Certificates of Deposit	\$198,342	\$198,342	\$0	\$0	\$0
Repurchase Agreement	4,617,010	4,617,010	0	0	0
Federal Home Loan Bank Bonds	490,072	0	130,041	360,031	0
Federal Home Loan Bank Notes	100,000	0	100,000	0	0
Federal National Mortgage Association Notes	354,203	0	0	254,203	100,000
Mutual Funds	103,400	103,400	0	0	0
STAR Ohio	11,030	11,030	0	0	0
<b>Total</b>	<b>\$5,874,057</b>	<b>\$4,929,782</b>	<b>\$230,041</b>	<b>\$614,234</b>	<b>\$100,000</b>

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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.

The negotiable certificates of deposit are insured by the FDIC. The securities underlying the repurchase agreements (Federal Home Loan Mortgage Corporation Consolidated Mortgage Obligations and Federal National Mortgage Association Consolidated Mortgage Obligations), the Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, and mutual funds carry a rating of Aaa by Moodys. The Washington Mutual Investment Fund is not rated and does not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. STAR Ohio carries a rating of AAA by Standard and Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of State statute.

The Career Center places no limit on the amount it may invest in any one issuer. The following table indicates the percentage of each investment to the total portfolio:

	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	\$590,072	10.05%
Federal National Mortgage Association	354,203	6.03

**Note 7 - Receivables**

Receivables at June 30, 2010, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, and property taxes. 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. 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.

The Adult Education special revenue fund had an intergovernmental receivable as of June 30, 2010, in the amount of \$164,760.

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**Note 8 - Property Taxes**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located within the area served by the Career Center. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after October 1, 2009, 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 2010 (other than public utility property) represent the collection of calendar year 2010 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 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010, and for which there was 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 reflected 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 deferred revenue.

The amount available as an advance at June 30, 2010, was \$269,936 in the General Fund and \$17,653 in the Replacement capital projects fund. The amount available as an advance at June 30, 2009, was \$268,308 in the General Fund and \$17,299 in the Replacement capital projects fund.

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

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$1,480,257,350	76.88%	\$1,286,155,070	75.24%
Commercial/Industrial	365,948,510	19.01	346,361,690	20.26
Public Utility	79,125,830	4.11	76,949,190	4.50
Total Assessed Value	<u>\$1,925,331,690</u>	<u>100.00%</u>	<u>\$1,709,465,950</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance at 6/30/09	Additions	Reductions	Balance at 6/30/10
Nondepreciable Capital Assets				
Land	\$266,208	\$75,000	\$0	\$341,208
Depreciable Capital Assets				
Land Improvements	696,015	0	0	696,015
Buildings and Building Improvements	10,119,511	45,518	0	10,165,029
Furniture, Fixtures, and Equipment	2,151,037	197,286	(38,882)	2,309,441
Vehicles	538,132	102,000	(3,500)	636,632
Total Depreciable Capital Assets	<u>13,504,695</u>	<u>344,804</u>	<u>(42,382)</u>	<u>13,807,117</u>
Less Accumulated Depreciation				
Land Improvements	(246,911)	(26,963)	0	(273,874)
Buildings and Building Improvements	(4,834,711)	(218,414)	0	(5,053,125)
Furniture, Fixtures, and Equipment	(1,168,208)	(128,690)	38,882	(1,258,016)
Vehicles	(345,955)	(46,479)	3,500	(388,934)
Total Accumulated Depreciation	<u>(6,595,785)</u>	<u>(420,546)</u>	<u>42,382</u>	<u>(6,973,949)</u>
Depreciable Capital Assets, Net	<u>6,908,910</u>	<u>(75,742)</u>	<u>0</u>	<u>6,833,168</u>
Governmental Activities Capital Assets, Net	<u>\$7,175,118</u>	<u>(\$742)</u>	<u>\$0</u>	<u>\$7,174,376</u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$6,622
Vocational	228,976
Support Services:	
Pupils	72,584
Instructional Staff	253
Board of Education	8,577
Administration	408
Fiscal	5,334
Operation and Maintenance of Plant	2,361
Pupil Transportation	23,223
Central	47,729
Noninstructional Services	5,180
Extracurricular Activities	19,299
Total Depreciation Expense	\$420,546

**Note 10 - 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 2010, the Career Center contracted for the following insurance coverage.

Building and Contents - Replacement Cost	\$31,697,650
Automobile Liability	4,000,000
Excess Liability	2,000,000
General Liability	
Per Occurrence	4,000,000
Aggregate	6,000,000

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

In fiscal year 2010, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.



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

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

#### **Note 11 - Defined Benefit Pension Plans**

##### **A. State Teachers Retirement System**

Plan Description - The Career Center contributes to 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 the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary. 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 STRS Ohio 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 contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 was \$805,752, \$812,258, and \$790,872 respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions for the DCP and CP for the fiscal year ended June 30, 2010, were \$58,564 made by the Career Center and \$41,831 made by plan members.

### **B. School Employees Retirement System**

Plan Description - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary and the Career Center was 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 2010, 12.78 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 contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 was \$234,490, \$175,093, and \$168,282, respectively; 93 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2010, five of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 12 - Postemployment Benefits**

**A. State Teachers Retirement System**

Plan Description - The Career Center contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$66,486, \$64,304, and \$62,349 respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. School Employees Retirement System**

Plan Description - The Career Center contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified 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 obligation to contribute are established by SERS 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2010, .46 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 fiscal year 2010, this amount was \$38,079.

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 contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$8,440, \$80,130, and \$76,793 respectively; 93 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2010, this actuarially required allocation was .76 percent of covered payroll. The Career Center's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 was \$13,945, \$14,447, and \$12,125 respectively; 93 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**Note 13 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-four days of vacation per year, depending upon length of service. The Superintendent is entitled to twenty 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. Teachers and administrators may accumulate sick leave up to a maximum of two hundred thirty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of fifty-seven days. Classified employees may accumulate sick leave up to a maximum of two hundred forty days and upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days.

**B. Health Care Benefits**

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employee pays 5 to 15 percent of the cost of the monthly premium based on the type of coverage. The premium varies with each employee depending on the terms of the union contract. The School District provides life insurance and accidental death and dismemberment insurance to all contract employees through CBA Benefit Services.

**Note 14 - Long-Term Obligations**

The changes in the Career Center's long-term obligations during fiscal year 2010 were as follows:

	Balance at 6/30/09	Additions	Reductions	Balance at 6/30/10	Within One Year
Building Assistance Loans 0%	\$1,070,703	\$0	\$133,840	\$936,863	\$133,838
Compensated Absences Payable	793,159	57,375	39,003	811,531	167,188
<b>Total Long-Term Obligations</b>	<b>\$1,863,862</b>	<b>\$57,375</b>	<b>\$172,843</b>	<b>\$1,748,394</b>	<b>\$301,026</b>

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

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

Compensated absences will be paid from the Severance special revenue fund.

The Career Center's overall debt margin was \$146,063,619 with an unvoted debt margin of \$1,633,339 at June 30, 2010.

Principal requirements to retire the outstanding loans at June 30, 2010, were as follows:

Fiscal year Ending June 30,	Principal
2011	\$133,838
2012	133,838
2013	133,838
2014	133,838
2015	133,838
2016-2018	267,673
Total	\$936,863

**Note 15 - Set Asides**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2010.

	Textbooks	Capital Improvements
Balance June 30, 2009	(\$1,280,936)	\$0
Current Year Set Aside Requirement	152,695	152,695
Qualifying Expenditures	(350,221)	0
Current Year Offsets	0	(152,695)
Balance June 30, 2010	(\$1,478,462)	\$0

**Note 16 - Interfund Transfers**

During fiscal year 2010, the General Fund made transfers to the Adult Education special revenue fund, in the amount of \$50,000, to subsidize the activities of the fund.

**Note 17 - Jointly Governed Organizations**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2010, the Career Center paid \$25,154 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**Note 18 - Insurance Pools**

**A. Schools of Ohio Risk Sharing Authority**

The Career Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

**B. Allen County Schools Health Benefits Plan**

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

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Schools Health Benefits Plan, 204 North Main Street, Lima, Ohio 45801.

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

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

**Note 19 - Contingencies**

**A. Grants**

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2010.

**B. Litigation**

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

Apollo Career Center  
Allen County

Schedule of Federal Awards Receipts and Expenditures  
For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05-PU	10.553	\$ 22,031	\$ -	\$ 22,031	\$ -
National School Lunch Program	LL-P4	10.555	111,102	24,759	111,102	24,759
Total - Nutrition Cluster			133,133	24,759	133,133	24,759
Total United States Department of Agriculture			133,133	24,759	133,133	24,759
<b>United States Department of Education</b>						
<i>Direct from the Federal Government</i>						
<i>Student Financial Aid Cluster:</i>						
Federal Pell Grant Program	N	84.063	466,683	-	466,683	-
Total Student Financial Aid Cluster			466,683	-	466,683	-
<i>Passed through the Ohio Department of Education</i>						
Adult Education - State Grant Program	ABS1	84.002	89,100	-	85,991	-
Career and Technical Education - Basic Grants to States	20-C2	84.048	444,650	-	334,404	-
Safe and Drug Free Schools and Communities - State Grants	DR-S1	84.186	2,683	-	2,683	-
Improving Teacher Quality State Grants	TR-S1	84.367	7,025	-	7,025	-
Total United States Department of Education			1,010,141	-	896,786	-
<b>Total Federal Financial Assistance</b>			<b>\$ 1,143,274</b>	<b>\$ 24,759</b>	<b>\$ 1,029,919</b>	<b>\$ 24,759</b>

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

See Accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures



**Apollo Career Center  
Allen County**

**Notes to the Schedule of Federal Awards Receipts and Expenditures  
For The Fiscal Year Ended June 30, 2010**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DONATION**

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



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards***

Member of the Board  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Apollo Career Center, Allen County (the Career Center) as of and for the year ended June 30, 2010, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated February 22, 2011. In which we noted the Career Center changed their basis of accounting to a basis in accordance with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Career Center's financial statements will not be prevented, or detected and timely corrected.


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

**Compliance and Other Matters**

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

Members of the Board  
Apollo Career Center  
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

February 22, 2011



**Report on Compliance With Requirements Applicable to Each Major Federal Program and  
on Internal Control Over Compliance Required by OMB Circular A-133**

Members of the Board  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

**Compliance**

We have audited the compliance of the Apollo Career Center, Allen County (the Career Center), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect Apollo Career Center's major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Career Center's major federal program. The Career Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Apollo Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

**Internal Control Over Compliance**

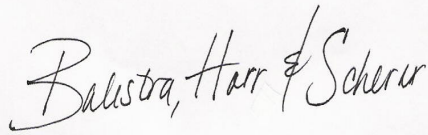
The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over compliance.

**Internal Control Over Compliance (Continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

February 22, 2011

Apollo Career Center  
Allen County  
June 30, 2010

Schedule of Findings  
OMB Circular A-133 Section .505

**SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weakness reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Federal Pell Grant Program, CFDA# 84.063
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Apollo Career Center  
Allen County  
June 30, 2010

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505

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

None

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

None.

**Apollo Career Center  
Allen County**

**Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-001	A noncompliance citation was issued for Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (B), for failing to prepare the Career Center's financial statements in accordance with generally accepted accounting principles.	Yes	
2009-002	Audit Adjustments	Yes	





# Dave Yost • Auditor of State

**APOLLO CAREER CENTER**

**ALLEN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 12, 2011**