



Dave Yost • Auditor of State

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2011, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General and Pell Grants Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Career Center's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

November 22, 2011

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

The discussion and analysis of the Washington County Career Center's financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2011 are as follows:

- In total, net assets increased \$873,451. Net assets of governmental activities increased \$305,019, while net assets of the business-type activity increased \$568,432 from 2010.
- General revenues accounted for \$5,671,477 in revenue or 80% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,408,411 or 20% of total revenues of \$7,079,888.
- Total program expenses were \$9,386,418; \$6,774,869 in governmental activities and \$2,611,549 in the business-type activity.

Using this Annual Financial Report

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

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

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the Career Center to provide programs and activities for students, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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

In the Statement of Net Assets and the Statement of Activities, the Career Center is divided into two kinds of activities:

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

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

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major funds begins on page 10. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the General and Pell Grants Funds.

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

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

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
 Unaudited

The Career Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net assets for 2011 compared to 2010.

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$5,937,291	\$5,612,361	\$1,505,127	\$928,146	\$7,442,418	\$6,540,507
Capital Assets, Net	7,467,764	7,608,588	964,564	985,732	8,432,328	8,594,320
<i>Total Assets</i>	<u>13,405,055</u>	<u>13,220,949</u>	<u>2,469,691</u>	<u>1,913,878</u>	<u>15,874,746</u>	<u>15,134,827</u>
Liabilities						
Current and Other Liabilities	2,566,755	2,586,491	107,792	119,681	2,674,547	2,706,172
Long-term Liabilities						
Due Within One Year	111,335	119,335	0	0	111,335	119,335
Due in More Than One Year	2,840,923	2,934,100	86,516	87,246	2,927,439	3,021,346
<i>Total Liabilities</i>	<u>5,519,013</u>	<u>5,639,926</u>	<u>194,308</u>	<u>206,927</u>	<u>5,713,321</u>	<u>5,846,853</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	5,015,039	5,050,491	964,564	985,732	5,979,603	6,036,223
Restricted	317,719	374,230	0	0	317,719	374,230
Unrestricted	2,553,284	2,156,302	1,310,819	721,219	3,864,103	2,877,521
<i>Total Net Assets</i>	<u>\$7,886,042</u>	<u>\$7,581,023</u>	<u>\$2,275,383</u>	<u>\$1,706,951</u>	<u>\$10,161,425</u>	<u>\$9,287,974</u>

Total assets increased \$739,919, with governmental assets increasing \$184,106 and business-type assets increasing \$555,813. For governmental activities, cash increased \$246,392. Capital assets and intergovernmental receivables decreased \$140,824 and \$72,881, respectively. Decreases were offset by a \$81,962 increase in property taxes and an increase in investments of \$74,535. Cash in the business-type activity increased \$845,875. Intergovernmental receivables for tuition decreased \$310,876. The decrease was mainly due to the efficiency of collecting tuition.

Total liabilities decreased \$133,532, with governmental liabilities decreasing \$120,913 and business-type liabilities decreasing \$12,619. For the governmental funds, contracts payable decreased \$73,703, due to the completion of the roofing system upgrades. Long-term liabilities decreased \$101,177, reflecting payments on debt. For the business-type activity, the decrease in liabilities is mainly due to accounts payable and accrued wages and benefits payable decreasing \$8,557 and \$6,375, respectively.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, compared to changes in net assets for the fiscal year ended June 30, 2010.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

(Table 2)

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activity			
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$135,545	\$142,743	\$2,800,688	\$2,188,590	\$2,936,233	\$2,331,333
Operating Grants, Contributions and Interest	1,270,591	972,240	373,180	277,326	1,643,771	1,249,566
Capital Grants	2,275	2,286	0	0	2,275	2,286
Total Program Revenues	<u>1,408,411</u>	<u>1,117,269</u>	<u>3,173,868</u>	<u>2,465,916</u>	<u>4,582,279</u>	<u>3,583,185</u>
General Revenues						
Property Taxes	1,804,896	1,836,867	0	0	1,804,896	1,836,867
Grants and Entitlements	3,656,735	3,630,505	0	0	3,656,735	3,630,505
Payments in Lieu of Taxes	16,868	33,735	0	0	16,868	33,735
Interest	146,634	94,174	0	0	146,634	94,174
Gain on Sale of Capital Assets	0	3,106	0	0	0	3,106
Miscellaneous	46,344	21,349	6,113	2,638	52,457	23,987
Total General Revenues	<u>5,671,477</u>	<u>5,619,736</u>	<u>6,113</u>	<u>2,638</u>	<u>5,677,590</u>	<u>5,622,374</u>
Total Revenues	<u>7,079,888</u>	<u>6,737,005</u>	<u>3,179,981</u>	<u>2,468,554</u>	<u>10,259,869</u>	<u>9,205,559</u>
Program Expenses						
Instruction:						
Regular	843,943	812,566	0	0	843,943	812,566
Vocational	2,108,927	2,088,204	0	0	2,108,927	2,088,204
Adult/Continuing	160,813	82,515	0	0	160,813	82,515
Support Services:						
Pupils	331,032	379,587	0	0	331,032	379,587
Instructional Staff	350,199	308,476	0	0	350,199	308,476
Board of Education	34,594	17,372	0	0	34,594	17,372
Administration	494,025	477,265	0	0	494,025	477,265
Fiscal	326,171	316,721	0	0	326,171	316,721
Business	51,948	68,856	0	0	51,948	68,856
Operation and Maintenance of Plant	706,377	699,206	0	0	706,377	699,206
Transportation	11,715	11,585	0	0	11,715	11,585
Central	344,850	337,634	0	0	344,850	337,634
Operation of Non-Instructional Services:						
Other	789,757	544,999	0	0	789,757	544,999
Food Service Operations	152,118	146,328	0	0	152,118	146,328
Extracurricular Activities	4,873	2,324	0	0	4,873	2,324
Interest and Fiscal Charges	63,527	68,373	0	0	63,527	68,373
Adult Education	0	0	2,611,549	2,409,818	2,611,549	2,409,818
Total Expenses	<u>6,774,869</u>	<u>6,362,011</u>	<u>2,611,549</u>	<u>2,409,818</u>	<u>9,386,418</u>	<u>8,771,829</u>
Increase in Net Assets	305,019	374,994	568,432	58,736	873,451	433,730
Net Assets Beginning of Year	7,581,023	7,206,029	1,706,951	1,648,215	9,287,974	8,854,244
Net Assets End of Year	<u>\$7,886,042</u>	<u>\$7,581,023</u>	<u>\$2,275,383</u>	<u>\$1,706,951</u>	<u>\$10,161,425</u>	<u>\$9,287,974</u>

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Governmental Activities

Net assets of the Career Center's governmental activities increased \$305,019 in fiscal year 2011. Total governmental expenses of \$6,774,869 did not exceed the program revenues of \$1,408,411 and general revenues of \$5,671,477.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 77 percent of the total revenue. The remaining 23 percent of revenue is from program revenues, interest, and miscellaneous local sources.

In recent years, the State has implemented weighted funding for special education students and career-tech students, in addition to ADM (average daily membership) funding. The state foundation base receipts and both special education and career-technical weighted funding were all increased by 0.75% (\$15,447 and \$6,328 respectively) over fiscal year 2010 levels as House Bill 1 was implemented. The thought behind this increase was to grant a slight increase in each of the two years of the biennial budget while it is determined Career Tech's role in the overall public education puzzle.

Program revenues covered 20.8 percent of program expenses overall. The remaining 79.2 percent is supported through tax revenues and other general revenues. In fiscal year 2011, expenses totaled 95.7 percent of revenues, resulting in an increase in net assets of \$305,019.

Business-Type Activity

The business-type activity involves the Career Center's adult education program. This program had revenues of \$3,179,981 and expenses of \$2,611,549 for fiscal year 2011. Charges for services increased \$612,098 from the prior year. Expenditures reflect an increase of \$201,731 for the same period. Both increases were a result of enrollment increases in the programs offered and the textbooks and supplies associated with the programs.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2011 compared to fiscal year 2010. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

(Table 3)

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Program Expenses				
Instruction:				
Regular	\$843,943	\$812,566	\$843,943	\$812,566
Vocational	2,108,927	2,088,204	2,025,182	1,991,991
Adult/Continuing	160,813	82,515	107,752	82,133
Support Services:				
Pupils	331,032	379,587	148,961	139,945
Instructional Staff	350,199	308,476	289,971	288,554
Board of Education	34,594	17,372	34,594	17,372
Administration	494,025	477,265	494,025	477,265
Fiscal	326,171	316,721	326,171	316,721
Business	51,948	68,856	51,948	68,856
Operation and Maintenance of Plant	706,377	699,206	706,377	699,206
Transportation	11,715	11,585	11,715	11,585
Central	344,850	337,634	277,386	257,492
Operation of Non-Instructional Services:				
Other	789,757	544,999	(16,213)	16,213
Food Service Operations	152,118	146,328	(3,754)	(5,854)
Extracurricular Activities	4,873	2,324	4,873	2,324
Interest and Fiscal Charges	63,527	68,373	63,527	68,373
Total	\$6,774,869	\$6,362,011	\$5,366,458	\$5,244,742

As you can see, the reliance upon local tax revenues for governmental activities is crucial. Twenty-seven percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 54 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2011, approximately 95.6 percent of instructional activities were supported through taxes and other general revenues. As you can see from Table 3, the operation of non-instructional services program is the only self-supporting programs, meaning that no general revenues are necessary to supplement these activities.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

The Career Center Funds

The Career Center's governmental funds reported a combined fund balance of \$3,292,253, an increase of \$357,191 from fiscal year 2010. All governmental funds had total revenues of \$7,092,998 and expenditures of \$6,735,827.

The Career Center's major funds are accounted for using the modified accrual basis of accounting. The General Fund's \$351,937 increase in fund balance can be mainly attributed to savings experienced by locking in gas prices for the year at lower rates, revenue received from the county for fees that were refunded from prior years, and changes in health insurance design.

General Fund Budgeting Highlights

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

During the course of fiscal 2011, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$5,761,961, above final estimates of \$5,678,226. Original estimated revenues equaled final estimated revenues. Expenditures of \$5,501,608 were lower than final appropriations of \$5,904,187 due to various factors, but primarily due to overestimated amounts on year end encumbrances. Final appropriations were decreased \$87,147 from original appropriations due to a significant decrease in purchased services.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the Career Center had \$8,432,328 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

(Table 4)

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2011	2010	2011	2010	2011	2010
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Buildings and Improvements	6,121,209	6,284,625	652,800	680,000	6,774,009	6,964,625
Furniture and Equipment	1,251,727	1,248,673	308,149	301,231	1,559,876	1,549,904
Vehicles	46,828	27,290	3,615	4,501	50,443	31,791
Totals	<u>\$7,467,764</u>	<u>\$7,608,588</u>	<u>\$964,564</u>	<u>\$985,732</u>	<u>\$8,432,328</u>	<u>\$8,594,320</u>

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

During fiscal year 2011, the Career Center completed the renovation of the science lab, purchased a replacement mower, mini-excavator, and additional welding equipment from governmental funds. Under the business-type activity, the Career Center purchased additional equipment for the surgical tech and welding programs. See Note 10 to the basic financial statements for more information on capital assets.

Debt

During fiscal year 2011, the Career Center had the following changes in long-term obligations:

	Principal Outstanding 6/30/10	Additions	Reductions	Principal Outstanding 6/30/11	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9% July 23, 2002, \$615,000	\$330,000	\$0	\$40,000	\$290,000	\$40,000
Qualified Zone Academy Bonds - 0% July 1, 2007, \$1,225,000	1,225,000	0	0	1,225,000	0
Capital Leases	1,040,197	0	68,464	971,733	71,335
Total Governmental Activities	<u>\$2,595,197</u>	<u>\$0</u>	<u>\$108,464</u>	<u>\$2,486,733</u>	<u>\$111,335</u>

See Notes 15 and 16 to the basic financial statements for more information on debt.

Current Issues

The Career Center has achieved a large measure of financial stability in the past and in fiscal year 2011. Administrators and staff are cognizant of the entities' vulnerability due to the economy's instability. The Board of Education and administrators continue to closely monitor both revenues and expenses in order to strike a balance of the tow. The Treasurer continues to monitor revenues and expenses to ascertain that actual revenues meet or exceed revenues and actual expenses do not exceed estimated.

As indicated in the preceding financial information, the Career Center relies on State funding for 57 percent of their funding. In June 2011, the Governor signed HB 153 "Budget Bill" that states that funding for Joint Vocational School Districts in fiscal year 2012 and 2013 will be equal to the funding in fiscal year 2011. Basically we will not receive any additional State Foundation funding for the next two years holding the amount at \$2.9 million.

Also noted in HB 153 is the phase out of the tangible personal property (TPP) tax and public utility tangible personal property (PUTPP) tax replacement payments which amount to a reduction of \$281 thousand over the next 3 years. Education Management Information System (EMIS) funding for all school districts has also been eliminated resulting in \$14,000 less dollars per year.

On a positive note for the Career Center, we are starting a new Exercise Science/Sports Medicine program during the 2011/2012 Academic year. This new program is allowing us to enroll more students at the Career Center helping us to exceed 500 total students for the first time ever.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joe Crone, Treasurer at the Washington County Career Center, 21740 SR 676, Marietta, Ohio 45750, or e-mail at jcrone@thecareercenter.net.

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Washington County Career Center, Ohio

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,370,673	\$1,353,263	\$4,723,936
Cash and Cash Equivalents with Fiscal Agents	159	0	159
Investments with Fiscal Agents	286,827	0	286,827
Internal Balances	(1,545)	1,545	0
Materials and Supplies Inventory	25,530	35,204	60,734
Intergovernmental Receivable	40,966	44,245	85,211
Prepaid Items	1,481	0	1,481
Accounts Receivable	733	70,870	71,603
Property Taxes Receivable	2,178,459	0	2,178,459
Deferred Charges	34,008	0	34,008
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	7,419,764	964,564	8,384,328
<i>Total Assets</i>	<u>13,405,055</u>	<u>2,469,691</u>	<u>15,874,746</u>
Liabilities			
Accounts Payable	24,967	10,335	35,302
Accrued Wages and Benefits Payable	372,747	60,726	433,473
Accrued Interest Payable	3,189	0	3,189
Vacation Benefits Payable	30,902	15,676	46,578
Matured Interest Payable	159	0	159
Intergovernmental Payable	71,219	21,055	92,274
Deferred Revenue	2,063,572	0	2,063,572
Long-Term Liabilities:			
Due Within One Year	111,335	0	111,335
Due In More Than One Year	2,840,923	86,516	2,927,439
<i>Total Liabilities</i>	<u>5,519,013</u>	<u>194,308</u>	<u>5,713,321</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,015,039	964,564	5,979,603
Restricted for:			
Unclaimed Monies	450	0	450
Debt Service	272,996	0	272,996
Capital Outlay	1,150	0	1,150
Budget Stabilization	28,932	0	28,932
Other Purposes	14,191	0	14,191
Unrestricted	2,553,284	1,310,819	3,864,103
<i>Total Net Assets</i>	<u>\$7,886,042</u>	<u>\$2,275,383</u>	<u>\$10,161,425</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense)Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants	Governmental Activities	Business-Type Activity	Total
Governmental Activities							
Instruction:							
Regular	\$843,943	\$0	\$0	\$0	(\$843,943)	\$0	(\$843,943)
Vocational	2,108,927	78,448	5,297	0	(2,025,182)	0	(2,025,182)
Adult/Continuing	160,813	0	53,061	0	(107,752)	0	(107,752)
Support Services:							
Pupils	331,032	0	182,071	0	(148,961)	0	(148,961)
Instructional Staff	350,199	0	60,228	0	(289,971)	0	(289,971)
Board of Education	34,594	0	0	0	(34,594)	0	(34,594)
Administration	494,025	0	0	0	(494,025)	0	(494,025)
Fiscal	326,171	0	0	0	(326,171)	0	(326,171)
Business	51,948	0	0	0	(51,948)	0	(51,948)
Operation and							
Maintenance of Plant	706,377	0	0	0	(706,377)	0	(706,377)
Transportation	11,715	0	0	0	(11,715)	0	(11,715)
Central	344,850	0	65,189	2,275	(277,386)	0	(277,386)
Operation of Non-Instructional Services:							
Other	789,757	0	805,970	0	16,213	0	16,213
Food Service Operations	152,118	57,097	98,775	0	3,754	0	3,754
Extracurricular Activities	4,873	0	0	0	(4,873)	0	(4,873)
Interest and Fiscal Charges	63,527	0	0	0	(63,527)	0	(63,527)
<i>Total Governmental Activities</i>	6,774,869	135,545	1,270,591	2,275	(5,366,458)	0	(5,366,458)
Business-Type Activity							
Adult Education	2,611,549	2,800,688	373,180	0	0	562,319	562,319
<i>Totals</i>	<u>\$9,386,418</u>	<u>\$2,936,233</u>	<u>\$1,643,771</u>	<u>\$2,275</u>	(5,366,458)	562,319	(4,804,139)
General Revenues							
Property Taxes Levied for General Purposes					1,804,896	0	1,804,896
Grants and Entitlements not Restricted to Specific Programs					3,656,735	0	3,656,735
Payments in Lieu of Taxes					16,868	0	16,868
Interest					146,634	0	146,634
Miscellaneous					46,344	6,113	52,457
<i>Total General Revenues</i>					<u>5,671,477</u>	<u>6,113</u>	<u>5,677,590</u>
<i>Change in Net Assets</i>					305,019	568,432	873,451
<i>Net Assets Beginning of Year</i>					<u>7,581,023</u>	<u>1,706,951</u>	<u>9,287,974</u>
<i>Net Assets End of Year</i>					<u>\$7,886,042</u>	<u>\$2,275,383</u>	<u>\$10,161,425</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2011

	General Fund	Pell Grants Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,306,549	\$0	\$34,742	\$3,341,291
Cash and Cash Equivalents with Fiscal Agents	0	0	159	159
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	29,382	0	0	29,382
Investments with Fiscal Agents	286,827	0	0	286,827
Receivables:				
Property Taxes	2,178,459	0	0	2,178,459
Accounts	733	0	0	733
Intergovernmental	3,907	3,885	33,174	40,966
Prepaid Items	1,481	0	0	1,481
Materials and Supplies Inventory	24,086	0	1,444	25,530
<i>Total Assets</i>	<u>\$5,831,424</u>	<u>\$3,885</u>	<u>\$69,519</u>	<u>\$5,904,828</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$22,589	\$2,340	\$38	\$24,967
Accrued Wages and Benefits Payable	339,771	0	32,976	372,747
Interfund Payable	0	1,545	0	1,545
Matured Interest Payable	0	0	159	159
Intergovernmental Payable	63,863	0	7,356	71,219
Deferred Revenue	2,141,938	0	0	2,141,938
<i>Total Liabilities</i>	<u>2,568,161</u>	<u>3,885</u>	<u>40,529</u>	<u>2,612,575</u>
Fund Balances				
Nonspendable	25,567	0	1,444	27,011
Restricted	29,382	0	16,546	45,928
Committed	0	0	9,868	9,868
Assigned	22,925	0	1,132	24,057
Unassigned	3,185,389	0	0	3,185,389
<i>Total Fund Balances</i>	<u>3,263,263</u>	<u>0</u>	<u>28,990</u>	<u>3,292,253</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,831,424</u>	<u>\$3,885</u>	<u>\$69,519</u>	<u>\$5,904,828</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2011*

Total Governmental Fund Balances	\$3,292,253
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,467,764
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	78,366
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.	34,008
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.	(3,189)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.	(30,902)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Notes Payable	(290,000)
Qualified Zone Academy Bonds	(1,225,000)
Capital Leases Payable	(971,733)
Sick Leave Benefits Payable	(465,525)
	(2,952,258)
 Net Assets of Governmental Activities	 \$7,886,042

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Pell Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$1,792,616	\$0	\$0	\$1,792,616
Intergovernmental	3,662,032	805,970	486,498	4,954,500
Interest	146,634	0	0	146,634
Tuition and Fees	23,251	0	0	23,251
Customer Services	55,197	0	57,097	112,294
Payments in Lieu of Taxes	16,868	0	0	16,868
Miscellaneous	46,835	0	0	46,835
<i>Total Revenues</i>	<u>5,743,433</u>	<u>805,970</u>	<u>543,595</u>	<u>7,092,998</u>
Expenditures				
Current:				
Instruction:				
Regular	810,487	0	0	810,487
Vocational	2,067,125	0	0	2,067,125
Adult/Continuing	0	0	60,350	60,350
Support Services:				
Pupils	128,227	0	191,970	320,197
Instructional Staff	276,480	0	61,859	338,339
Board of Education	34,594	0	0	34,594
Administration	478,145	0	0	478,145
Fiscal	331,694	0	0	331,694
Business	50,512	0	0	50,512
Operation and Maintenance of Plant	681,287	0	0	681,287
Transportation	11,715	0	0	11,715
Central	299,368	0	77,994	377,362
Operation of Non-Instructional Services	0	789,757	169,045	958,802
Extracurricular Activities	4,488	0	0	4,488
Capital Outlay	38,812	0	2,698	41,510
Debt Service:				
Principal Retirement	108,464	0	0	108,464
Interest and Fiscal Charges	60,756	0	0	60,756
<i>Total Expenditures</i>	<u>5,382,154</u>	<u>789,757</u>	<u>563,916</u>	<u>6,735,827</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>361,279</u>	<u>16,213</u>	<u>(20,321)</u>	<u>357,171</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	20	0	0	20
Transfers In	0	0	9,362	9,362
Transfers Out	(9,362)	0	0	(9,362)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,342)</u>	<u>0</u>	<u>9,362</u>	<u>20</u>
<i>Net Change in Fund Balances</i>	351,937	16,213	(10,959)	357,191
<i>Fund Balances Beginning of Year Restated (See Note 3)</i>	<u>2,911,326</u>	<u>(16,213)</u>	<u>39,949</u>	<u>2,935,062</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,263,263</u></u>	<u><u>\$0</u></u>	<u><u>\$28,990</u></u>	<u><u>\$3,292,253</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balances - Total Governmental Funds		\$357,191
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:		
Capital Asset Additions	291,677	
Depreciation Expense	<u>(427,030)</u>	(135,353)
 Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(5,471)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	(24,899)	
Other	(491)	
Property Taxes	<u>12,280</u>	(13,110)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		108,464
 In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		321
 Issuance costs are reported as an expenditure when paid in governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities.		
		(3,092)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Benefits Payable	3,356	
Sick Leave Benefits Payable	<u>(7,287)</u>	<u>(3,931)</u>
 <i>Change in Net Assets of Governmental Activities</i>		 <u><u>\$305,019</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$1,997,403	\$1,997,403	\$1,861,796	(\$135,607)
Intergovernmental	3,463,728	3,463,728	3,660,383	196,655
Interest	90,000	90,000	135,125	45,125
Tuition and Fees	23,610	23,610	23,251	(359)
Customer Services	59,000	59,000	54,778	(4,222)
Payments in Lieu of Taxes	33,735	33,735	16,868	(16,867)
Miscellaneous	10,750	10,750	9,760	(990)
<i>Total Revenues</i>	<u>5,678,226</u>	<u>5,678,226</u>	<u>5,761,961</u>	<u>83,735</u>
Expenditures				
Current:				
Instruction:				
Regular	949,627	935,809	796,694	139,115
Vocational	2,148,946	2,117,707	2,090,231	27,476
Support Services:				
Pupils	135,697	133,723	127,200	6,523
Instructional Staff	305,648	301,201	287,050	14,151
Board of Education	20,823	20,520	34,322	(13,802)
Administration	541,773	533,890	480,587	53,303
Fiscal	350,344	345,246	331,660	13,586
Business	31,045	30,593	53,519	(22,926)
Operation and Maintenance of Plant	821,723	809,766	703,623	106,143
Transporation	13,699	13,500	11,715	1,785
Central	404,486	398,601	302,011	96,590
Extracurricular Activities	6,992	6,890	4,488	2,402
Capital Outlay	132,200	130,276	41,039	89,237
Debt Service:				
Principal	66,679	65,709	176,713	(111,004)
Interest	61,652	60,756	60,756	0
<i>Total Expenditures</i>	<u>5,991,334</u>	<u>5,904,187</u>	<u>5,501,608</u>	<u>402,579</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(313,108)</u>	<u>(225,961)</u>	<u>260,353</u>	<u>486,314</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	20	20
Advances In	15,000	15,000	96,853	81,853
Refund of Prior Year Expenditures	7,472	3,500	39,055	35,555
Other Financing Uses	0	(100,000)	0	100,000
Advances Out	0	0	(55,353)	(55,353)
Transfers Out	(9,362)	(9,362)	(9,362)	0
<i>Total Other Financing Sources (Uses)</i>	<u>13,110</u>	<u>(90,862)</u>	<u>71,213</u>	<u>162,075</u>
<i>Net Change in Fund Balance</i>	<u>(299,998)</u>	<u>(316,823)</u>	<u>331,566</u>	<u>648,389</u>
<i>Fund Balance Beginning of Year</i>	<u>2,744,256</u>	<u>2,744,256</u>	<u>2,744,256</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>232,984</u>	<u>232,984</u>	<u>232,984</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,677,242</u></u>	<u><u>\$2,660,417</u></u>	<u><u>\$3,308,806</u></u>	<u><u>\$648,389</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Pell Grant Fund
For the Fiscal Year Ended June 30, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$216,201	\$858,833	\$826,225	(\$32,608)
Expenditures				
Current:				
Operation of Non-Instructional Services	216,201	858,833	826,225	32,608
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance (Deficit) Beginning of Year</i>	(32,608)	(32,608)	(32,608)	0
Prior Year Encumbrances Appropriated	32,608	32,608	32,608	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fund Net Assets

Enterprise Fund

June 30, 2011

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,353,263
Interfund Receivable	1,545
Materials and Supplies Inventory	35,204
Intergovernmental Receivable	44,245
Accounts Receivable	<u>70,870</u>
<i>Total Current Assets</i>	1,505,127
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>964,564</u>
<i>Total Assets</i>	<u>2,469,691</u>
Liabilities	
Current Liabilities:	
Accounts Payable	10,335
Accrued Wages and Benefits Payable	60,726
Vacation Benefits Payable	15,676
Intergovernmental Payable	<u>21,055</u>
<i>Total Current Liabilities</i>	107,792
Long-term Liabilities:	
Sick Leave Benefits Payable	<u>86,516</u>
<i>Total Liabilities</i>	<u>194,308</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	964,564
Unrestricted	<u>1,310,819</u>
Total Net Assets	<u><u>\$2,275,383</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Revenues,

Expenses and Changes in Fund Net Assets

Enterprise Fund

For the Fiscal Year Ended June 30, 2011

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Operating Revenues	
Tuition	\$2,800,688
Other	6,113
<i>Total Operating Revenues</i>	<u>2,806,801</u>
Operating Expenses	
Salaries	1,378,107
Fringe Benefits	425,087
Purchased Services	257,662
Materials and Supplies	466,540
Depreciation	79,653
Other	4,500
<i>Total Operating Expenses</i>	<u>2,611,549</u>
<i>Operating Income</i>	195,252
Non-Operating Revenues	
Federal and State Subsidies	<u>373,180</u>
<i>Net Change in Net Assets</i>	568,432
<i>Net Assets Beginning of Year</i>	<u>1,706,951</u>
<i>Net Assets End of Year</i>	<u><u>\$2,275,383</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Cash Flows

Enterprise Fund

For the Fiscal Year Ended June 30, 2011

	Business-Type Activity
	Adult Education Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$3,076,977
Cash Received from Other Operating Revenues	6,113
Cash Payments for Other Operating Expenses	(4,500)
Cash Payments to Suppliers for Goods and Services	(738,321)
Cash Payments for Employee Services	(1,383,038)
Cash Payments for Employee Benefits	(426,051)
	<u>531,180</u>
Net Cash Provided by Operating Activities	<u>531,180</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	<u>373,180</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	<u>(58,485)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	845,875
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>507,388</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,353,263</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$195,252
Depreciation	79,653
Changes in Assets and Liabilities:	
Decrease in Materials and Supplies Inventory	(8,308)
Decrease in Accounts Receivable	(46,842)
Increase in Interfund Receivable	13,168
Increase in Intergovernmental Receivable	310,876
Decrease in Accounts Payable	(8,557)
Decrease in Accrued Wages and Benefits Payable	(6,375)
Decrease in Vacation Benefits Payable	2,174
Increase in Sick Leave Benefits Payable	(730)
Increase in Intergovernmental Payable	869
	<u>869</u>
Net Cash Provided by Operating Activities	<u><u>\$531,180</u></u>

See accompanying notes to the basic financial statements

Washington County Career Center, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2011

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$34,125</u>
Liabilities	
Due to Students	<u>\$34,125</u>
See accompanying notes to the basic financial statements	

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Note 1 - Description of the Career Center and Reporting Entity

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

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 20 classified employees and 44 certificated employees who provide services to 476 Washington County juniors and seniors and 1,329 adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity

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

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

The Career Center participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18.

Note 2 - Summary of Significant Accounting Policies

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Pell Grants The Pell Grants Fund is used to account for all Pell Grants received by the Career Center.

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

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

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

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

C. Measurement Focus

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

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

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

D. Basis of Accounting

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

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there was an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 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.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

E. Cash and Cash Equivalents

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

The Career Center's investments during fiscal year 2011 were the State Treasury Asset Reserve of Ohio (STAROhio) and money market mutual funds. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

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 2011 amounted to \$146,634, which includes \$47,590 assigned from other Career Center funds.

The Career Center utilizes a financial institution to service principal and interest payments. The balance in this account is presented on the balance sheet as "restricted investments with fiscal agents" and represents money market mutual funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

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

H. Capital Assets

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Career Center was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of one thousand dollars. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

I. Interfund Balances

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the Career Center for the unspent workers' compensation refund monies required to be maintained for budget stabilization, unclaimed monies, and cash held with fiscal agents for payment to the contractors under the Career Center's lease-purchase agreement. See Note 20 for additional information regarding set-asides and budget stabilization.

K. Compensated Absences

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

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

L. Accrued Liabilities and Long-term Obligations

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

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

M. Internal Activity

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

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

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

The Career Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

O. Unamortized Issuance Costs

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

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

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include the food service program and local, federal, and state grants restricted to expenditure for specified purposes.

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Q. Operating Revenues and Expenses

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

R. Extraordinary and Special Item

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

S. Estimates

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

T. Budgetary Process

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

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

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 3 - Change in Accounting Principles and Restatement of Fund Balance

For fiscal year 2011, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the Career Center's financial statements.

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General Fund	Pell Grants Fund	Other Governmental Funds	Total
Fund Balance at June 30, 2010	\$2,878,322	\$0	\$56,740	\$2,935,062
Change in Fund Structure	<u>33,004</u>	<u>(16,213)</u>	<u>(16,791)</u>	<u>0</u>
Adjusted Fund Balance at June 30, 2010	<u>\$2,911,326</u>	<u>(\$16,213)</u>	<u>\$39,949</u>	<u>\$2,935,062</u>

Note 4 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Fund Balances	General Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>			
Prepays	\$1,481	\$0	\$1,481
Materials and Supplies Inventory	24,086	1,444	25,530
<i>Total Nonspendable</i>	<u>25,567</u>	<u>1,444</u>	<u>27,011</u>
<u>Restricted for:</u>			
Food Service Operations	0	8,364	8,364
State Grant Expenditures	0	2,951	2,951
Federal Grant Expenditures	0	5,213	5,213
Capital Improvements	0	18	18
Budget Stabilization	28,932	0	28,932
Unclaimed Monies	450	0	450
<i>Total Restricted</i>	<u>29,382</u>	<u>16,546</u>	<u>45,928</u>
<u>Committed to:</u>			
Scholarships	0	9,868	9,868
<i>Total Restricted</i>	<u>0</u>	<u>9,868</u>	<u>9,868</u>
<u>Assigned to:</u>			
Capital Improvements	0	1,132	1,132
Other Purposes	22,925	0	22,925
<i>Total Assigned</i>	<u>22,925</u>	<u>1,132</u>	<u>24,057</u>
Unassigned:	3,185,389	0	3,185,389
<i>Total Fund Balances</i>	<u><u>\$3,263,263</u></u>	<u><u>\$28,990</u></u>	<u><u>\$3,292,253</u></u>

Note 5 - Budgetary Basis of Accounting

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 an assignment of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unreported and prepaid items represent amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

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

Net Change in Fund Balance

	General Fund	Pell Grants Fund
GAAP Basis	\$351,937	\$16,213
Net Adjustment for:		
Revenue Accruals	62,806	20,255
Expenditure Accruals	(105,484)	(36,468)
Unreported Interest:		
Beginning of Fiscal Year	7,928	0
End of Fiscal Year	(13,151)	0
Prepaid Items:		
Beginning of Fiscal Year	1,485	0
End of Fiscal Year	(1,481)	0
Advances In	96,853	0
Advances Out	(55,353)	0
Encumbrances	(13,974)	0
Total All Funds	<u>\$331,566</u>	<u>\$0</u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,537,386 of the Career Center's bank balance of \$5,135,315 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2011, the Career Center had the following investments: STAROhio which is part of the internal investment pool and money market mutual funds held by a fiscal agent in an escrow account that is restricted for the payment of debt.

	Fair Value	Maturity	Rating	Rating Agency
Money Market Mutual Funds	\$286,827	N/A	Aaa	Moody's
STAROhio	4,830	Average - 58 Days	AAAm	S&P
Total	<u>\$291,657</u>			

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

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Career Center has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2009, were levied after April 1, 2010, and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

The Career Center receives property taxes from Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2011, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is deferred.

The amount available as an advance at June 30, 2011, was \$36,521 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2010, was \$105,583.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$958,432,680	84.97%	\$992,249,960	85.05%
Public Utility Personal	169,507,990	15.03%	174,468,570	14.95%
Total	\$1,127,940,670	100.00%	\$1,166,718,530	100.00%
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

Note 8 - Interfund Activity

A. Transfers

The General Fund transferred \$9,362 to the State Grants Special Revenue Fund during fiscal year 2011. The transfer was to cover additional expenditures of the program not covered by the grant dollars.

B. Balances

Interfund balances at June 30, 2011, arise from the provision of cash flow resources from the Adult Education Fund until the receipt of grant monies by the Special Revenue Funds for \$1,545.

	Receivable	Payable
Special Revenue Fund:		
Pell Grants	\$0	\$1,545
Adult Education Enterprise Fund	1,545	0
Total All Funds	\$1,545	\$1,545

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Note 9 - Receivables

Receivables at June 30, 2011, consisted of property taxes, accounts , interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$75,213 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Carl Perkins	\$30,116
Other	3,907
Pell Grant	3,885
Rural Education Acievement Program	<u>3,058</u>
Total Governmental Activities	40,966
Business-Type Activity:	
Tuition	<u>44,245</u>
Total	<u><u>\$85,211</u></u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>6/30/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2011</u>
Governmental Activities:				
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$48,000	\$0	\$0	\$48,000
Depreciable Capital Assets:				
Buildings and Improvements	8,018,316	0	0	8,018,316
Furniture and Equipment	3,308,217	266,852	(21,601)	3,553,468
Vehicles	69,664	24,825	(9,900)	84,589
Total Capital Assets being Depreciated	<u>11,396,197</u>	<u>291,677</u>	<u>(31,501)</u>	<u>11,656,373</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,733,691)	(163,416)	0	(1,897,107)
Furniture and Equipment	(2,059,544)	(258,327)	16,130	(2,301,741)
Vehicles	(42,374)	(5,287)	9,900	(37,761)
Total Accumulated Depreciation	<u>(3,835,609)</u>	<u>(427,030)*</u>	<u>26,030</u>	<u>(4,236,609)</u>
Total Capital Assets being Depreciated, Net	<u>7,560,588</u>	<u>(135,353)</u>	<u>(5,471)</u>	<u>7,419,764</u>
Governmental Activities Capital Assets, Net	<u>\$7,608,588</u>	<u>(\$135,353)</u>	<u>(\$5,471)</u>	<u>\$7,467,764</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$33,296
Vocational	190,188
Adult/Continuing	95,591
Support Services:	
Pupils	8,264
Instructional Staff	10,333
Administration	14,503
Fiscal	11,866
Business	1,575
Operation and Maintenance of Plant	29,962
Central	26,608
Food Service	4,459
Extracurricular Activities	385
Total Depreciation Expense	<u>\$427,030</u>

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011
Business-Type Activity:				
Capital Assets:				
Buildings and Improvements	680,000	0	0	680,000
Furniture and Equipment	539,847	58,485	(1,913)	596,419
Vehicles	22,610	0	0	22,610
Total Capital Assets	1,242,457	58,485	(1,913)	1,299,029
Less Accumulated Depreciation				
Buildings and Improvements	0	(27,200)	0	(27,200)
Furniture and Equipment	(238,616)	(51,567)	1,913	(288,270)
Vehicles	(18,109)	(886)	0	(18,995)
Total Accumulated Depreciation	(256,725)	(79,653)	1,913	(334,465)
Total Capital Assets being Depreciated, Net	985,732	(21,168)	0	964,564
Business-Type Activity Capital Assets, Net	\$985,732	(\$21,168)	\$0	\$964,564

Note 11 - Risk Management

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Career Center contracted with the following insurance company for coverage:

Ohio School Plan. through Hylant Administrative Services, LLC:	
Automobile Liability	\$1,000,000
Comprehensive (\$250 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$1,000 deductible)	27,340,800
Equipment Breakdown (\$1,000 deductible)	27,340,800
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Crime (\$1,000 Deductible):	
Theft / Forgery or Alteration / Computer Fraud	100,000
Fiduciary Liability (\$2,500 Deductible):	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Each Employee	1,000,000
Educational Legal Liability (\$2,500 Deductible):	
Errors and Omissions/Aggregate	1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

B. Workers' Compensation

For fiscal year 2011, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 12 - Employee Benefits

A. Compensated Absences

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

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

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

B. Insurance

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

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$95,197, \$105,567, and \$69,814, respectively. For fiscal year 2011, 96.78 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009, were \$432,820, \$435,494, and \$411,039, respectively. For fiscal year 2011, 90.36 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$37,019 made by the Career Center and \$26,442 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, one members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 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 2011, this amount was \$35,800.

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

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

The Career Center's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$27,951, \$15,234, and \$47,508, respectively. For fiscal year 2011, 41.11 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$6,145, \$6,230, and \$5,782, respectively. For fiscal year 2011, 96.79 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$33,294, \$33,500, and \$31,618, respectively. For fiscal year 2011, 90.36 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 15 - Long-Term Obligations

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

	<u>Principal Outstanding 6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/11</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	\$330,000	\$0	\$40,000	\$290,000	\$40,000
Capital Leases	1,040,197	0	68,464	971,733	71,335
Qualified Zone Academy Bonds - 0%					
July 1, 2007, \$1,225,000	1,225,000	0	0	1,225,000	0
Sick Leave Benefits	458,238	18,566	11,279	465,525	0
Total Governmental Activities	<u><u>\$3,053,435</u></u>	<u><u>\$18,566</u></u>	<u><u>\$119,743</u></u>	<u><u>\$2,952,258</u></u>	<u><u>\$111,335</u></u>
Business-Type Activity:					
Sick Leave Benefits	87,246	\$0	\$730	\$86,516	\$0
Total Business-Type Activities	<u><u>\$87,246</u></u>	<u><u>\$0</u></u>	<u><u>\$730</u></u>	<u><u>\$86,516</u></u>	<u><u>\$0</u></u>

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

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

On July 1, 2007, the Career Center issued \$1,225,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for roof repairs. The QZAB matures in 2022, with the entire principal balance coming due at maturity. The QZAB does not bear interest. To satisfy escrow requirements of the program, the Career Center placed \$1,225,000 in a debt service sinking escrow account for future payment of the bonds with US Bank, the fiscal agent. The escrow account will be invested with all of the proceeds to be used for the final payoff of the bonds in 2022. Along with the investment earnings of the escrow account, the Career Center is required to place \$68,249, annually into the debt service sinking escrow account that will be used for the final bond repayment in 2022. The value of the escrow account is recorded as restricted investments with fiscal agents in the General Fund.

The overall debt margin of the Career Center as of June 30, 2011, was \$105,004,668, with an unvoted debt margin of \$1,166,719.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2011, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$40,000	\$15,930	\$55,930
2013	45,000	13,422	58,422
2014	45,000	10,768	55,768
2015	50,000	7,965	57,965
2016	55,000	4,867	59,867
2017	55,000	1,623	56,623
Total	<u>\$290,000</u>	<u>\$54,575</u>	<u>\$344,575</u>

Note 16 - Capital Leases – Lessee Disclosure

In prior years, the Career Center entered into capitalized leases for heating and cooling systems upgrades. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2011 were \$68,464 for the governmental activities.

	Governmental Activities
Property under Capital Lease	\$1,470,246
Less Accumulated Depreciation	(181,328)
Total June 30, 2011	<u>\$1,288,918</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011:

Fiscal Year Ending	Governmental Activities
2012	\$110,930
2013	110,930
2014	110,930
2015	110,930
2016	110,930
2017-2021	554,644
2022	110,930
Total	<u>1,220,224</u>
Less: Amount Representing Interest	(248,491)
Present Value of Net Minimum Lease Payments	<u>\$971,733</u>

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Note 17 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 28 participants consisting of school districts in eight southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2011, the Career Center paid \$26,144 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. The Career Center's membership fee was \$325 for fiscal year 2011. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 18 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Note 19 - Contingencies

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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, 2011.

B. Litigation

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

Note 20 - Set-Asides

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the Career Center's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2011, this continues to be set aside.

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

	Capital Improvements	Textbooks/ Instructional Materials	Budget Stabilization
Set-aside Balance as of June 30, 2010	\$52,269	\$36,148	\$28,932
Current Year Set-aside Requirement	77,052	77,052	0
Qualifying Disbursements	(175,913)	(141,177)	0
Total	<u>(\$46,592)</u>	<u>(\$27,977)</u>	<u>\$28,932</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>(\$27,977)</u>	<u>\$28,932</u>

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**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	\$ 4,066	\$ 4,066
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	34,744	34,744
National School Lunch Program	2010/2011	10.555	78,403	78,403
Cash Assistance Subtotal			<u>113,147</u>	<u>113,147</u>
Total Child Nutrition Cluster			<u>117,213</u>	<u>117,213</u>
Total U.S. Department of Agriculture			117,213	117,213
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2011	84.063	826,225	826,225
Rural Education	2011	84.358	46,565	46,565
<i>Passed Through Ohio Department of Education:</i>				
Career and Technical Education - Basic Grants to States	2010 2011	84.048	27,698 <u>248,021</u>	30,385 <u>248,021</u>
Total Career and Technical Education - Basic Grants to States			<u>275,719</u>	<u>278,406</u>
Improving Teacher Quality State Grants	2010 2011	84.367	(38) <u>5,226</u>	0 <u>5,226</u>
Total Improving Teacher Quality State Grants			<u>5,188</u>	<u>5,226</u>
<i>Passed Through Ohio Board of Regents:</i>				
Career and Technical Education - Basic Grants to States	2010	84.048	<u>10,877</u>	<u>4,011</u>
Total U.S. Department of Education			<u>1,164,574</u>	<u>1,160,433</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,281,787</u>	<u>\$ 1,277,646</u>

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

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Career Center's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The Career Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Career Center assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The Career Center reports commodities consumed on the Schedule at fair value. The Career Center allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
Improving Teacher Quality State Grants	84.367	\$38



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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2011, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated November 22, 2011. 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 to opine 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 matters we must report under *Government Auditing Standards*.

Washington County Career Center
Washington County
Independent Accountants' 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, the audit committee, the Board of Education, federal awarding agencies and pass-through entities and others within the Career Center. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

November 22, 2011



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

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

To the Board of Education:

Compliance

We have audited the compliance of the Washington County Career Center, Washington County, Ohio (the Career Center), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Career Center's major federal program for the year ended June 30, 2011. 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 our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with those requirements.

In our opinion, the Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

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.

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 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 over compliance 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 the audit committee, management, the Board of Education, others within the Career Center, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 22, 2011

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

November 22, 2011

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WASHINGTON COUNTY CAREER CENTER

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 6, 2011