

FOUR COUNTY CAREER CENTER
HENRY COUNTY
FINANCIAL STATEMENTS
Year Ended June 30, 2011



Dave Yost • Auditor of State

Board of Education
Four County Career Center
22-900 State Route 34
Archbold, Ohio 43502

We have reviewed the *Independent Auditor's Report* of the Four County Career Center, Henry County, prepared by Steyer & Co., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

May 16, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, an Ohio joint vocational school district (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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, as of June 30, 2011, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Adult Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012, on our consideration of Four County Career Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 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 assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Career Center's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Steyer & Co." with a period at the end.

STEYER & CO.
Certified Public Accountants

Defiance, Ohio
January 20, 2012

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the Four County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 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 fiscal year 2011 are as follows:

In total, net assets of governmental activities decreased \$907,848.

General revenues accounted for \$12,642,917 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,372,403 or 26 percent of total revenues of \$17,015,320.

The Career Center had \$17,923,168 in expenses related to governmental activities; \$4,372,403 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,642,917 were not adequate to provide for these programs.

The Career Center has three major governmental funds: the General Fund, the Adult Education Fund, and the Front Entrance Capital Project Fund. The General Fund had \$14,607,866 in revenues and other financing sources and \$16,028,174 in expenditures and other financing uses. During fiscal 2011, the General Fund's balance decreased \$1,420,308 from \$8,994,190 to \$7,573,882. The Adult Education Fund had \$1,158,626 in revenues and \$999,557 in expenditures. During fiscal 2011, the Adult Education Fund's balance increased \$159,069 from \$134,783 to \$293,852. The Front Entrance Capital Project Fund had \$72 in revenue and \$468,699 in expenditures. During fiscal 2011, the Front Entrance Capital Project Fund's balance decreased \$468,627 from \$2,819,100 to \$2,350,473.

Using the Basic Financial Statements

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

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

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities reflect how the Career Center did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. The basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the Career Center's programs and services, including instruction, support services, operation of maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Career Center's major funds. While the Career Center uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the Career Center's most significant funds. The Career Center's three major governmental funds are the General Fund, the Adult Education Fund, and the Front Entrance Capital Project Fund.

Governmental Funds - Most of the Career Center's activities are reported in governmental funds, which focus on how monies flow 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 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 government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

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

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The Career Center as a Whole

Table 1 provides a summary of the Career Center's net assets for fiscal year 2011 compared to fiscal year 2010. The Career Center's decrease in general revenues aided the increase in current liabilities.

**Table 1
Net Assets
Governmental Activities**

	<u>2011</u>	<u>2010</u>
Assets:		
Current and other assets	\$ 17,060,383	\$ 18,372,143
Capital assets, net	<u>8,822,737</u>	<u>8,365,086</u>
Total assets	25,883,120	26,737,229
Liabilities:		
Current and other liabilities	6,449,218	6,333,619
Long-term liabilities	<u>1,331,870</u>	<u>1,393,730</u>
Total liabilities	7,781,088	7,727,349
Net Assets:		
Invested in capital assets, net of related debt	8,721,575	8,140,063
Restricted	2,945,893	2,950,417
Unrestricted	<u>6,434,564</u>	<u>7,919,400</u>
Total	<u>\$ 18,102,032</u>	<u>\$ 19,009,880</u>

Table 2 reflects the changes in net assets for fiscal year 2011 compared to fiscal year 2010. The decrease in general revenues was attributed to decreased in property revenue and investment earnings due to low interest rates.

**Table 2
Change in Net Assets
Governmental Activities**

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services and sales	\$ 1,401,869	\$ 1,341,059
Operating grants, contributions and interest	<u>2,970,534</u>	<u>3,154,928</u>
Total program revenues	4,372,403	4,495,987
General Revenues:		
Property taxes	5,315,790	5,396,288
Grants and entitlements	7,124,893	7,089,655
Investment earnings	77,786	152,612
Gifts and donations	114,687	138,771
Miscellaneous	2,496	10,302
Gain from sale of capital assets	<u>7,265</u>	<u>4,595</u>
Total general revenues	<u>12,642,917</u>	<u>12,792,223</u>
Total revenues	<u>\$ 17,015,320</u>	<u>\$ 17,288,210</u>

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

	<u>2011</u>	<u>2010</u>
Expenses		
Instruction	10,600,566	9,820,805
Support services:		
Pupils	1,564,077	1,384,138
Instructional staff	605,410	627,373
Board of education	49,905	51,342
Administration	1,357,398	1,446,246
Fiscal	499,916	482,160
Business	63,623	70,390
Operation and maintenance of plant	1,578,487	1,953,332
Pupil transportation	28,158	21,974
Central	481,357	507,086
Non-instructional services	527,346	474,411
Extracurricular activities	74,191	61,681
Capital outlay	492,734	54,935
Total expenses	<u>17,923,168</u>	<u>16,955,873</u>
Increase (decrease) in net assets	<u>\$ (907,848)</u>	<u>\$ 332,337</u>

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Instruction	\$ 10,600,566	\$ 6,832,170	\$ 9,820,805	\$ 5,732,292
Support services:				
Pupils	1,564,077	1,530,409	1,384,138	1,379,662
Instructional staff	605,410	567,304	627,373	627,373
Board of education	49,905	49,905	51,342	51,342
Administration	1,357,398	1,355,209	1,446,246	1,446,246
Fiscal	499,916	499,916	482,160	482,160
Business	63,623	63,623	70,390	70,390
Operation and maintenance of Plant	1,578,487	1,578,487	1,953,332	1,953,332
Pupil transportation	28,158	28,158	21,974	21,974
Central	481,357	340,429	507,086	477,086
Non-instructional services	527,346	138,230	474,411	101,413
Extracurricular activities	74,191	74,191	61,681	61,681
Capital outlay	492,734	492,734	54,935	54,935
Total expenses	<u>\$ 17,923,168</u>	<u>\$ 13,550,765</u>	<u>\$ 16,955,873</u>	<u>\$ 12,459,886</u>

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. 64 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 76 percent. It is apparent that the communities, as a whole, are the primary support for the Career Center's students.

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$17,431,387 and expenditures of \$18,828,164. The net negative change of \$1,396,777 in fund balance for the year indicates that the Career Center had some difficulty in meeting current costs.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, The Career Center amended its General Fund budget as needed. Final budgeted revenues, in the amount of \$14,783,511, were the same as the original budgeted revenues.

Final expenditures were budgeted at \$17,056,393 while actual expenditures were \$15,786,304. The \$1,270,089 difference is primarily due to a conservative "worst case scenario" approach. The Career Center over appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets

At the end of fiscal year 2011, the Career Center had \$8,822,737 invested in capital assets (net accumulated depreciation) for governmental activities.

For further information regarding the Career Center's capital assets, see the notes to the basic financial statements.

Debt

At June 30, 2011, the Career Center had \$101,162 in asbestos loans for building improvements. The asbestos loans will be completely paid by 2013.

At June 30, 2011, the Career Center's overall legal debt margin was \$250,131,472, with an un-voted debt margin of \$2,779,239.

In addition to the debt outlined above, the Career Center's long-term debt also includes compensated absences.

For further information regarding the Career Center's debt, see the notes to the basic financial statements.

Current Issues

The Career Center is holding its own in the state of a declining economy and uncertainty in State funding. The Career Center covers portions of eight different counties, which mostly consists of residential/farming communities.

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Over the past several years, the Career Center has remained in a good financial position. In 1976 the Career Center passed a 1.40 continuous levy, in 1979 a .60 continuous levy and 1988 a 1.00 continuous levy and has not had to renew these levies. In 2001, a .20 permanent improvement levy was passed. These levies provide a continuous source of funds for a financial cushion. The permanent improvement levy will expire in 2012. To replace this levy, the board placed an additional permanent improvement levy on the ballot in November, 2011 for a continuing period of time. This levy was defeated. The board will be going back to the voters for this issue in 2012.

During fiscal year 2010 the Career Center board established the Front Entrance Capital Projects Fund through a board resolution and transfer of funds from the General Fund. The dollars in this fund may be used for specific renovations and building additions. Unused funds can also be transferred back to the General Fund if State funding is decreased and operating dollars are needed.

The Career Center is unique in that it has students attending from eight different counties. It also has an adult education program. The building and facilities are on one campus

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to reflect the Career Center's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jennifer Bonner, Four County Career Center, 22-900 St. Rt. 34, Archbold, Ohio, 43502.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 9,328,649
Investments	1,847,315
Materials and Supplies Inventory	194,130
Accrued Interest Receivable	16,748
Accounts Receivable	56,945
Intergovernmental Receivable	66,438
Prepaid Items	24,559
Taxes Receivable	5,525,599
Noncurrent Assets	
Non-Depreciable Capital Assets	219,258
Depreciable Capital Assets, net	<u>8,603,479</u>
Total Assets	25,883,120
LIABILITIES	
Current Liabilities	
Accounts Payable	10,025
Accrued Wages and Benefits	1,347,100
Contracts Payable	9,589
Intergovernmental Payable	27,502
Matured Compensated Absences Payable	139,353
Deferred Revenue	4,915,649
Long-Term Liabilities	
Due Within One Year	81,546
Due in More Than One Year	<u>1,250,324</u>
Total Liabilities	7,781,088
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	8,721,575
Restricted for Capital Outlay	2,491,047
Restricted for Other Purposes	454,846
Unrestricted	<u>6,434,564</u>
Total Net Assets	<u><u>\$18,102,032</u></u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental Activities				
Instruction:				
Regular	\$ 55,326	\$ -	\$ -	\$ (55,326)
Special	520	-	2,110	1,590
Vocational	9,303,752	460,737	2,252,156	(6,590,859)
Adult/Continuing	1,240,968	707,973	345,420	(187,575)
Support Services:				
Pupils	1,564,077	-	33,668	(1,530,409)
Instructional Staff	605,410	-	38,106	(567,304)
Board of Education	49,905	-	-	(49,905)
Administration	1,357,398	-	2,189	(1,355,209)
Fiscal	499,916	-	-	(499,916)
Business	63,623	-	-	(63,623)
Operation and Maintenance of Plant	1,578,487	-	-	(1,578,487)
Pupil Transportation	28,158	-	-	(28,158)
Central	481,357	-	140,928	(340,429)
Operation of Non-Instructional Services	527,346	233,159	155,957	(138,230)
Extracurricular Activities	74,191	-	-	(74,191)
Capital Outlay	492,734	-	-	(492,734)
Totals	\$ 17,923,168	\$ 1,401,869	\$ 2,970,534	\$ (13,550,765)

General Revenues	
Taxes	
Property Taxes, Levied for General Purposes	5,037,850
Property Taxes, Levied for Capital Outlay	277,940
Grants and Entitlements not Restricted to	
Specific Programs	7,124,893
Gifts and Donations	114,687
Investment Earnings	77,786
Miscellaneous	2,496
Gain from Sale of Capital Assets	7,265
Total General Revenues	12,642,917
Change in Net Assets	(907,848)
Net Assets Beginning of Year	19,009,880
Net Assets End of Year	\$ 18,102,032

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Adult Education</u>	<u>Front Entrance Capital Project</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalen	\$ 5,706,427	\$ 293,234	\$ 2,350,401	\$ 253,587	\$ 8,603,649
Investments	1,847,315	-	-	-	1,847,315
Materials and Supplies Inventory	179,248	8,366	-	6,516	194,130
Accrued Interest Receivable	16,748	-	-	-	16,748
Accounts Receivable	4,621	50,281	72	1,971	56,945
Interfund Receivable	64,500	-	-	-	64,500
Intergovernmental Receivable	-	63,164	-	3,274	66,438
Prepaid Items	24,418	-	-	141	24,559
Taxes Receivable	5,236,292	-	-	289,307	5,525,599
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalen	<u>725,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>725,000</u>
Total Assets	<u>\$ 13,804,569</u>	<u>\$ 415,045</u>	<u>\$ 2,350,473</u>	<u>\$ 554,796</u>	<u>\$ 17,124,883</u>
LIABILITIES:					
Accounts Payable	\$ 9,595	\$ 407	\$ -	\$ 23	\$ 10,025
Accrued Wages and Benefits	1,282,128	38,268	-	26,704	1,347,100
Contracts Payable	-	-	-	9,589	9,589
Interfund Payable	-	64,000	-	500	64,500
Intergovernmental Payable	14,155	-	-	13,347	27,502
Matured Compensated Absences Payable	125,706	13,647	-	-	139,353
Deferred Revenue	<u>4,799,103</u>	<u>4,871</u>	<u>-</u>	<u>269,322</u>	<u>5,073,296</u>
Total Liabilities	<u>6,230,687</u>	<u>121,193</u>	<u>-</u>	<u>319,485</u>	<u>6,671,365</u>
FUND BALANCES:					
Nonspendable	203,666	8,366	-	6,657	218,689
Restricted	-	285,486	2,350,473	261,098	2,897,057
Assigned	80,462	-	-	-	80,462
Unassigned	<u>7,289,754</u>	<u>-</u>	<u>-</u>	<u>(32,444)</u>	<u>7,257,310</u>
Total Fund Balances	<u>7,573,882</u>	<u>293,852</u>	<u>2,350,473</u>	<u>235,311</u>	<u>10,453,518</u>
Total Liabilities and Fund Balances	<u>\$ 13,804,569</u>	<u>\$ 415,045</u>	<u>\$ 2,350,473</u>	<u>\$ 554,796</u>	<u>\$ 17,124,883</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2011**

Total Governmental Fund Balances		\$ 10,453,518
<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		8,822,737
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: Deferred Revenue		157,647
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	\$ (1,230,708)	
Notes Payable	<u>(101,162)</u>	
		<u>(1,331,870)</u>
<i>Net Assets of Governmental Activities</i>		<u>\$ 18,102,032</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Adult Education</u>	<u>Front Entrance Capital Project</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property and Other Local Taxes	\$ 5,045,738	\$ -	\$ -	\$ 278,161	\$ 5,323,899
Intergovernmental	9,015,601	358,264	-	744,035	10,117,900
Interest	86,457	-	-	7	86,464
Decrease in Fair Value of Investments	(8,678)	-	-	-	(8,678)
Tuition and Fees	304,259	706,023	-	-	1,010,282
Rent	9,216	-	-	-	9,216
Gifts and Donations	113,487	-	-	1,200	114,687
Customer Sales and Services	34,209	1,950	-	346,212	382,371
Miscellaneous	312	244	72	1,868	2,496
<i>Total Revenues</i>	<u>14,600,601</u>	<u>1,066,481</u>	<u>72</u>	<u>1,371,483</u>	<u>17,038,637</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	36,333	-	-	-	36,333
Special	-	-	-	520	520
Vocational	9,572,607	-	-	382,048	9,954,655
Adult/Continuing	276,788	956,626	-	10,660	1,244,074
Support Services:					
Pupils	1,478,390	27	-	33,668	1,512,085
Instructional Staff	533,310	23,733	-	40,516	597,559
Board of Education	49,091	-	-	-	49,091
Administration	1,352,447	7,200	-	2,189	1,361,836
Fiscal	486,830	-	-	7,773	494,603
Business	62,467	-	-	-	62,467
Operation and Maintenance of Plant	1,367,821	-	-	84,309	1,452,130
Pupil Transportation	23,028	-	-	-	23,028
Central	328,958	11,471	-	140,928	481,357
Operation of Non-Instructional Services	428	500	-	505,262	506,190
Extracurricular Activities	74,191	-	-	-	74,191
Capital outlay	-	-	468,699	-	468,699
Debt Service:					
Principal	-	-	-	123,861	123,861
<i>Total Expenditures</i>	<u>15,642,689</u>	<u>999,557</u>	<u>468,699</u>	<u>1,331,734</u>	<u>18,442,679</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,042,088)	66,924	(468,627)	39,749	(1,404,042)
OTHER FINANCING SOURCES AND USES					
Transfers In	-	92,145	-	293,340	385,485
Proceeds from Sale of Capital Assets	7,265	-	-	-	7,265
Transfers Out	(385,485)	-	-	-	(385,485)
<i>Total Other Financing Sources and Uses</i>	<u>(378,220)</u>	<u>92,145</u>	<u>-</u>	<u>293,340</u>	<u>7,265</u>
<i>Net Change in Fund Balances</i>	(1,420,308)	159,069	(468,627)	333,089	(1,396,777)
<i>Fund Balance at Beginning of Year (Restated)</i>	<u>8,994,190</u>	<u>134,783</u>	<u>2,819,100</u>	<u>(97,778)</u>	<u>11,850,295</u>
<i>Fund Balance at End of Year</i>	<u>\$ 7,573,882</u>	<u>\$ 293,852</u>	<u>\$ 2,350,473</u>	<u>\$ 235,311</u>	<u>\$ 10,453,518</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ (1,396,777)

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

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

Capital Outlay - Depreciable Capital Assets	\$ 1,005,326	
Depreciation	(547,675)	457,651

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

Delinquent Taxes	(8,109)	
Intergovernmental	(22,473)	(30,582)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities

123,861

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences Payable	(62,001)	
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Change in Net Assets of Governmental Activities \$ (907,848)

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 5,020,125	\$ 5,020,125	\$ 5,099,641	\$ 79,516
Intergovernmental	9,000,886	9,000,886	9,015,601	14,715
Interest	200,000	200,000	84,845	(115,155)
Tuition and Fees	308,000	308,000	339,962	31,962
Rent	12,000	12,000	9,216	(2,784)
Gifts and Donations	151,500	151,500	113,487	(38,013)
Customer Sales and Services	47,000	47,000	34,209	(12,791)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>736</u>	<u>(264)</u>
Total Revenues	14,740,511	14,740,511	14,697,697	(42,814)
EXPENDITURES:				
Current:				
Instruction:				
Regular	61,322	61,322	34,609	26,713
Vocational	10,038,268	10,064,768	9,601,471	463,297
Adult/Continuing	286,540	286,540	280,239	6,301
Support Services:				
Pupils	1,532,992	1,532,992	1,460,464	72,528
Instructional Staff	547,960	547,960	527,171	20,789
Board of Education	104,330	104,330	53,136	51,194
Administration	1,415,623	1,415,023	1,345,687	69,336
Fiscal	526,220	526,220	480,771	45,449
Business	113,568	115,568	71,610	43,958
Operation and Maintenance of Plant	1,473,420	1,482,920	1,376,771	106,149
Pupil Transportation	32,758	32,758	23,173	9,585
Central	374,373	374,373	320,588	53,785
Operation of Non-Instructional Services:	2,000	2,000	428	1,572
Extracurricular Activities	<u>83,119</u>	<u>83,119</u>	<u>70,217</u>	<u>12,902</u>
Total Expenditures	<u>16,592,493</u>	<u>16,629,893</u>	<u>15,646,335</u>	<u>983,558</u>
Excess of Revenues Over Expenditures	(1,851,982)	(1,889,382)	(948,638)	940,744
OTHER FINANCING SOURCES AND USES:				
Proceeds from Sale of Fixed Assets	10,000	10,000	7,265	(2,735)
Refund of Prior Year Expenditures	2,000	2,000	3,941	1,941
Advances In	31,000	31,000	31,000	-
Transfers Out	(100,000)	(100,000)	(75,000)	25,000
Advances Out	(250,000)	(250,000)	(64,500)	185,500
Refund of Prior Year Receipts	(3,500)	(3,500)	(469)	3,031
Other Financing Uses	<u>(75,000)</u>	<u>(73,000)</u>	<u>-</u>	<u>73,000</u>
Total Other Financing Sources and Uses	<u>(385,500)</u>	<u>(383,500)</u>	<u>(97,763)</u>	<u>285,737</u>
Net Change in Fund Balances	(2,237,482)	(2,272,882)	(1,046,401)	1,226,481
Fund Balance at Beginning of Year (restated)	9,056,869	9,056,869	9,056,869	-
Prior Year Encumbrances Appropriated	<u>185,023</u>	<u>185,023</u>	<u>185,023</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 7,004,410</u>	<u>\$ 6,969,010</u>	<u>\$ 8,195,491</u>	<u>\$ 1,226,481</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT EDUCATION
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 370,080	\$ 370,080	\$ 299,971	\$ (70,109)
Tuition and Fees	783,500	783,500	680,481	(103,019)
Customer Sales and Services	<u>2,000</u>	<u>2,000</u>	<u>1,950</u>	<u>(50)</u>
Total Revenues	<u>1,155,580</u>	<u>1,155,580</u>	<u>982,402</u>	<u>(173,178)</u>
EXPENDITURES:				
Current:				
Instruction:				
Adult/Continuing	1,018,262	1,059,357	956,658	102,699
Support Services:				
Instructional Staff	45,871	25,836	24,828	1,008
Administration	8,218	9,238	7,200	2,038
Central	40,000	27,400	27,021	379
Operation of Non-Instructional Services:	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Total Expenditures	<u>1,112,851</u>	<u>1,122,331</u>	<u>1,016,207</u>	<u>106,124</u>
Excess of Revenues Over (Under) Expenditures	42,729	33,249	(33,805)	(67,054)
OTHER FINANCING SOURCES AND USES:				
Advances In	-	-	64,000	64,000
Refund of Prior Year End Expenditures	200	200	196	(4)
Advances Out	(31,000)	(31,000)	(31,000)	-
Refund of Prior Year End Receipts	<u>-</u>	<u>(600)</u>	<u>(600)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(30,800)</u>	<u>(31,400)</u>	<u>32,596</u>	<u>63,996</u>
Net Change in Fund Balances	11,929	1,849	(1,209)	(3,058)
Fund Balance at Beginning of Year	255,809	255,802	255,802	-
Prior Year Encumbrances Appropriated	<u>9,189</u>	<u>9,189</u>	<u>9,189</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 276,927</u>	<u>\$ 266,840</u>	<u>\$ 263,782</u>	<u>\$ (3,058)</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2011**

	<u>Agency Fund</u>
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>9,086</u>
Total Assets	\$ <u><u>9,086</u></u>
LIABILITIES	
Current Liabilities	
Due to Students	\$ <u>9,086</u>
Total Liabilities	\$ <u><u>9,086</u></u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

Four County Career Center (the Career Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. Effective July 1, 1999 the Career Center changed its name from Four County Joint Vocational School District to Four County Career Center, an Ohio Vocational School District. The Career Center was established in 1966, with classes beginning in September 1969, and serves 22 districts located in Defiance, Fulton, Henry and Williams counties. The Career Center is operated under a board of education consisting of eleven members. The vocational Career Center provides job training for residents of participating districts. Currently, Four County Career Center provides thirty-one courses of instruction in such varied fields as chef training, electronics, health careers and cosmetology. The average daily membership for fiscal year 2011 was 991. The Career Center employed 12 administrators and supervising personnel, 108 certified and 48 non-certified employees.

Four County Career Center provides regular, vocational, and adult continuing instruction. Also, Four County Career Center has support services for pupils, instructional staff, general and school administration, fiscal and business affairs. In addition, Four County Career Center accounts for various extra-curricular activities and retirement of debt obligations.

Reporting Entity

This report includes all activities considered by management to be part of the Career Center by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending). The Career Center has no component units.

The Career Center reports under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," under which the financial statements include all the organizations, activities, functions and component units for which the Career Center (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Career Center's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Career Center. On the basis of the provisions of GASB Statement No.14, no organizations are financially accountable to the Career Center as component units.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

**NOTE 1 – DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY
(CONTINUED)**

The Career Center is associated with three jointly governed organizations and two group purchasing pools. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the CISCO Academy, the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds of Four County Career Center over which Four County Career Center has the ability to exercise direct operating control.

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 proprietary funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Career Center's accounting policies.

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 primary government, except for fiduciary funds.

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

Fund Financial Statements - During the 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 rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Career Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Career Center are grouped into the categories governmental and fiduciary.

Governmental Funds – Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Career Center’s major governmental funds:

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

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

Front Entrance Capital Project – The Front Entrance Capital Project Fund is used to account for the expenses related to constructing a new front entrance to the Four County Career Center school building, remodeling the “A” wing of the Four County Career Center school building, and remodeling the North West Ohio Computer Association area of the Four County Career Center school building.

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center’s agency funds that existed throughout the fiscal year included National Honor Society, Family Career & Community Leaders of America, Future Farmers of America, Future Educators of America, Business Professionals of America, Health Occupations Students of America, SKILLS USA of America, and Student Council.

C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Career Center are included on the Statement of Net Assets.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or 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 income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. 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 fiscal year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, investment earnings, tuition, and student fees.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes (other than delinquent amounts) for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. There were no donated commodities to report.

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 costs, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Investments

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

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

During fiscal year 2011, the Career Center invested in nonnegotiable certificates of deposit, federal agency securities and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 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 \$86,457.

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 purchase and an expenditure/expense is reported in the year which services are consumed.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. 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 imposed by creditors, contributor’s grantors, or laws of other government or imposed by enabling legislation.

I. Capital Assets

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

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

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings and Building Improvements	15 - 40 years
Furniture and Fixtures	10 years
Vehicles	5 - 15 years
Equipment	5-15 years

J. Interfund Balances

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

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 Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 all employees after five years of service.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

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

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

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 use of the resources in governmental funds. The classifications are as follows:

Nonspendable – The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – 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.

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The 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 use in satisfying those contractual requirements.

Assigned – Amounts in the assigned 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 – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Career Center first applies restricted resources when an expenditure is 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 amounts in any of the unrestricted fund balance classifications can be used.

O. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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.

P. 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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Career Center and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control for the general fund has been established by the Board of Education at the fund, function, and object level and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

While the Career Center is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Adult Education 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 fund financial statements are the following:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Adult Education Fund.

**FOUR COUNTY CAREER CENTER
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JUNE 30, 2011**

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

	<u>Net Change in Fund Balance</u> <u>Major Governmental Fund</u>	
	<u>General</u>	<u>Adult Education</u>
GAAP Basis	\$ (1,420,308)	\$ 159,069
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2010, Received In Cash FY 2011	558,699	24,495
Accrued FY 2011, Not Yet Received in Cash	(462,072)	(109,174)
Expenditure Accruals:		
Accrued FY 2010, Paid in Cash FY 2011	(1,149,964)	(31,558)
Accrued FY 2011, Not Yet Paid in Cash	1,232,934	44,556
Transfers Net	310,485	(92,145)
Advances Net	(33,500)	33,000
Encumbrances Outstanding at Year End (Budget Basis)	(82,675)	(29,452)
Budget Basis	<u>\$ (1,046,401)</u>	<u>\$ (1,209)</u>

NOTE 4 – 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 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;

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
9. Under limited circumstances, corporate debt interest rated in either of the two highest classifications by at least two nationally recognized agencies.

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.

At year end, the Career Center had \$400 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

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 year end, \$6,423,917 of the Career Center's bank balance of \$9,455,892 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Career Center's name.

The Career Center has no deposit policy for custodial 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.

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2011, the Career Center had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturing in Less than One Year</u>	<u>Maturing in 1-2 Years</u>	<u>Maturing in 3-5 Years</u>
Federal Home Loan Mortgage Credit Notes	\$ 300,054	\$ -	\$ -	\$ 300,054
Federal Home Loan Bank Notes	1,002,857	403,928	299,652	299,277
Federal National Mortgage Association Notes	502,855	-	502,855	-
STAR Ohio	41,549	41,549	-	-
Total Investments	<u>\$ 1,847,315</u>	<u>\$ 445,477</u>	<u>\$ 802,507</u>	<u>\$ 599,331</u>

Interest Rate Risk – The Career Center has no investment policy that addresses interest rate risk. 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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The Federal Home Loan Mortgage Credit Notes, Federal National Mortgage Association Notes, and Federal Home Loan Bank Notes carry a rating of AAA by Moody's and AAA by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of 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 Federal Home Loan Mortgage Credit Notes and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The Career Center places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The Career Center's investment in the Federal Home Loan Mortgage Credit Notes, Federal National Mortgage Association Notes, and the Federal Home Loan Bank Notes represent 16 percent, 27 percent, and 54 percent, respectively, of the Career Center's total investments.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the Career Center. Real and public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes for 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2011 were levied after April 1, 2011, on the assessed values as of December 31, 2010, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunication companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunication property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The House Bill No. 1 and House Bill No. 153 replaced the revenue lost by the Career Center due to the phasing out of the tax. In fiscal years 2008 – 2011, the Career Center will be fully reimbursed for the lost revenue. In fiscal years 2012 – 2013, the reimbursements will begin to be phased out. No further phase-out is known at this time.

The Career Center receives property taxes from Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 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 represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were 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, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2011 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amounts available as an advance at June 30, 2011, were \$437,189 in the General Fund and \$23,165 in the Permanent Improvement Fund. The amounts available as an advance at June 30, 2010, were \$491,092 in the General Fund and \$25,757 in the Permanent Improvement Fund.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 – PROPERTY TAXES (CONTINUED)

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

<u>Investment Type</u>	<u>2010 Second Half Collections</u>		<u>2011 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential	\$2,181,962,960	79%	\$2,191,302,580	79%
Industrial/Commercial	475,485,150	17%	457,703,790	17%
Public Utility	120,967,040	4%	130,232,210	4%
Total Assessed Value	<u>\$2,778,415,150</u>	<u>100%</u>	<u>\$2,779,238,580</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	3.20		3.20	

NOTE 6 – RECEIVABLES

Receivables at June 30, 2011, consisted of accounts (billings for user charged services, tuition and fees), intergovernmental grants and taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the Statement of Net Assets follows:

<u>Governmental Activities</u>	<u>Amount</u>
Accounts Receivable	\$ 56,945
Accrued Interest Receivable	16,748
Intergovernmental Receivable	66,438
Taxes Receivable	5,525,599
Total governmental activities	<u>\$ 5,665,730</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7 – CAPITAL ASSETS

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

	<u>Balance at 6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 06/30/11</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$ 219,258	\$ -	\$ -	\$ 219,258
Total Nondepreciable Capital Assets	219,258	-	-	219,258
Depreciable Capital Assets				
Land Improvements	435,447	-	-	435,447
Building and Building Improvements	21,729,290	801,837	-	22,531,127
Furniture, Fixtures, and Equipment	2,904,529	164,807	50,350	3,018,986
Vehicles	601,741	38,682	18,469	621,954
Total Depreciable Capital Assets	25,671,007	1,005,326	68,819	26,607,514
Less Accumulated Depreciation				
Land Improvements	196,060	26,552	-	222,612
Buildings and Building Improvements	14,946,929	305,010	-	15,251,939
Furniture, Fixtures, and Equipment	2,005,580	168,298	50,350	2,123,528
Vehicles	376,610	47,815	18,469	405,956
Total Accumulated Depreciation	17,525,179	547,675	68,819	18,004,035
Depreciable Capital Assets, Net	8,145,828	457,651	-	8,603,479
Governmental Activities Capital Assets, Net	<u>\$ 8,365,086</u>	<u>\$ 457,651</u>	<u>\$ -</u>	<u>\$ 8,822,737</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 9,174
Vocational	251,268
Support Services:	
Adult/Continuing	1,237
Pupil	48,925
Instructional Staff	6,590
Board of Education	814
Administration	7,603
Fiscal	4,311
Business	1,108
Operation and Maintenance of Plant	156,784
Transportation	5,130
Non-Instruction	30,696
Capital Outlay	24,035
Total Depreciation Expense	<u>\$ 547,675</u>

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 – INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund had receivables of \$64,500. The General Fund receivable consists of \$64,000 payable from the Adult Basic Education Fund, \$500 payable from the non-major governmental. These interfund loans were made to provide operating capital.

Interfund transfers for the year ended June 30, 2011 consisted of cash transfers from the General Fund to non-major governmental funds, in the amount of \$75,000. The remaining transfers were to correct prior period recordings in Interfund Payables and Receivables of \$310,485.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires them to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 – RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Career Center contracted Argonaut Insurance Company; Governmental Underwriter of America is the Agent. The following insurance coverage was provided during the year:

Coverage as of June 30, 2011:	Amounts
General Liability:	
Bodily Injury/Property Damage	\$6,000,000
Personal Injury	6,000,000
Products/Completed Operations	6,000,000
General Annual Aggregate	8,000,000
Fire Legal Liability	500,000
Errors or Omissions Cover:	
Per Occurrence (\$2,500 deductible)	6,000,000
Per Aggregate (\$2,500 deductible)	6,000,000
Property and Crime:	
Property (incl. Inland Marine, misc. equipment) (\$1,000 deductible)	42,819,444
Employee Dishonesty/Faithful Performance of Duty (\$250 deductible)	50,000
Forgery/Alteration (\$250 deductible)	50,000
Computer Fraud (\$250 deductible)	50,000
Theft, Disappearance, Destruction (\$250 deductible)	50,000
Commercial Auto:	
Owned/Leased Vehicles	6,000,000
Medical Payments (occ/agg)	5,000/25,000
Uninsured Motorist	1,000,000
Physical Damage (\$500 deductible)	Actual Value

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JUNE 30, 2011**

NOTE 9 – RISK MANAGEMENT (CONTINUED)

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

The Career Center participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry and Williams Counties and other eligible governmental entities. The Career Center pays monthly premiums to the Northern Buckeye Education Council for employee medical, dental and life insurance benefits. Northern Buckeye Education Council is responsible for the management and operations of the program. Upon withdrawal from the Program, a participant is responsible for the payment of all Program liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2011, the Career Center participated in the Northern Buckeye Education Council Worker's Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The Career Center contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined plan.

Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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

For the fiscal year ended June 30, 2011, plan members are 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 years 2011 and 2010, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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 the DB Plan for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,183,747, \$1,132,387, and \$1,156,349, respectively. The full amount has been contributed for fiscal years 2011, 2010, and 2009.

B. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853, or by visiting the SERS Ohio website www.ohsers.org.

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JUNE 30, 2011**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute an actuarially determined rate. The rate for fiscal year 2010 is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$304,806, \$300,369, and \$306,726, respectively, equal to the required contributions for each year.

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, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 – POSTEMPLOYMENT BENEFITS

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio) and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2011, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount equaled \$84,554 for fiscal year 2011.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2010, the balance in the Fund was \$2.97 billion. For the fiscal year ended June 30, 2010, net health care costs paid by STRS Ohio were \$222,300,000 and STRS Ohio had 133,103 eligible benefit recipients.

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

A. Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11 – POSTEMPLOYMENT BENEFITS (CONTINUED)

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was 0.76%. The Career Center's contributions for the year ended June 30, 2011, 2010, and 2009 were \$16,547, \$16,091, and \$16,432, respectively, equal to the required contributions for each year.

B. Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits; the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation was 1.43%. An additional health care state law surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center contributions assigned to health care for the years ended June 30, 2011, 2010 and 2009 were \$58,636, \$116,873 and \$117,546, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Forms and Publications.

NOTE 12 – EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. All twelve-month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12 – EMPLOYEE BENEFITS

All regular employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 25 percent of unused sick leave up to 220 days for a maximum of 55 days for all classified and administrative employees. All certified employees are entitled to 25 percent of unused sick leave up to 220 days or a maximum of 55 days.

At June 30, 2011 the current amount of unpaid compensated absences in all funds was \$139,354. The long-term amount of unpaid compensated absences in all funds was \$1,230,708.

Retirement Incentive Plan

The Career Center agrees to pay a bonus amount to an employee who elects to retire under the following provisions:

1. Be under contract at July 1, 2010.
2. Be under contract at the time of application.
3. Be a member of the Bargaining Unit.
4. Be eligible to retire on or before dates listed.
5. Age 50 has been obtained on or before June 30.
6. Officially retire on or before July 1.
7. Employees are only eligible for this plan in the first year that age and years of service makes them eligible to retire.

Employees wishing to participate in this plan must indicate their desire by submitting a written request to the Treasurer's office on or before applicable dates. Those submitting written applications must irrevocably commit to retire during the plan year.

Employees wishing to participate in the Retirement Incentive Plan should indicate a retirement date on or before the applicable date. Failure to meet the deadline shall make the employee ineligible to participate in the plan.

Individuals retiring under the provisions of this program shall receive a bonus equal to 20% of their previous year's contract salary, payable at the same time as the severance payment.

The following conditions will cause an employee to be ineligible to participate in this retirement incentive program:

- a. Eligible for disability retirement.
- b. Terminated or non-renewed prior to the plan year.
- c. Failure to submit a written letter of resignation.
- d. Failure to actually retire.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12 – EMPLOYEE BENEFITS (CONTINUED)

e. Currently retired and/or receiving a retirement benefit from STRS/SERS.

<u>Application Due Date</u>	<u>Retirement Date Prior to</u>
March 1, 2011	August 31, 2011
March 1, 2012	August 31, 2012
March 1, 2013	August 31, 2013

12 month employees retiring at the first of the year shall make application on or before October 1.

Health Care Benefits

The Career Center provides employee health care benefits through membership in the Northern Buckeye Education Council (NBEC). Monthly payments are made to the NBEC for health, dental, and life insurance coverage. Vision insurance is provided through Vision Service Plan. The employees share the cost of the monthly premiums with the Board of Education.

NOTE 13 – LONG-TERM OBLIGATIONS

Changes in the Career Center’s long-term obligations during fiscal year 2011 were as follows:

	<u>Balance at</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u>	<u>Amounts</u>
	<u>6/30/10</u>			<u>6/30/10</u>	<u>Due</u>
					<u>Within One</u>
					<u>Year</u>
Governmental Activities:					
Asbestos Loans	\$ 225,023	\$ -	\$ 123,861	\$ 101,162	\$ 81,546
Compensated Absences	<u>1,168,707</u>	<u>62,001</u>	<u>-</u>	<u>1,230,708</u>	<u>-</u>
Total Governmental					
Activities	<u>\$1,393,730</u>	<u>\$ 62,001</u>	<u>\$ 123,861</u>	<u>\$1,331,870</u>	<u>\$ 81,546</u>

The Career Center has two approved interest free loans and grants from EPA Assistance/U.S. Environmental Protection Agency for friable asbestos removal. This loan and grant was for asbestos removal over a three-year period beginning in the summer of 1993 and ending in the summer of 1995. The loans are paid semi-annually over an eighteen year period. The loan is being paid from the Permanent Improvement Fund, which is classified as a Capital Project Fund Type.

Compensated absences and employee bonuses will be paid from the fund which employees’ salaries are paid.

Total expenditures for interest for the above debt for the period ended June 30, 2011 was \$0.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 13 – LONG-TERM OBLIGATIONS (CONTINUED)

Principal and interest requirements to retire the Asbestos loans outstanding at June 30, 2011 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2012	\$ 81,546	\$ -	\$ 81,546
2013	19,616	-	19,616
Total	<u>\$ 101,162</u>	<u>\$ -</u>	<u>\$ 101,162</u>

NOTE 14 – SET-ASIDES

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

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

	Textbooks	Capital Acquisition	Budget Stabilization
Balance as of June 30, 2010	\$ (2,170,709)	\$ -	\$ 725,000
Current Year Set-aside Requirement	173,067	173,067	-
Qualifying Expenditures	(535,925)	(902,426)	-
Total	<u>(2,533,567)</u>	<u>\$ (729,359)</u>	<u>\$ 725,000</u>
Balance Carried Forward to FY 2012	<u>\$ (2,533,567)</u>	<u>\$ -</u>	<u>\$ 725,000</u>

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

The Career Center passed Resolution No. 37-09 Establishing and Funding a Reserve Balance Account within the General Fund. The purpose of stabilizing the budget against cyclical changes in revenues and expenditures.

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The Career Center is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is a program of the Northern Buckeye Education Council. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

NWOCA is governed by the Northern Buckeye Council as described below. Total disbursements made by the Career Center to NWOCA during this fiscal year were \$55,490. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams and Wood counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. An elected board consisting of two representatives from each of the six counties in which the member's educational entities are located governs NBEC. The board is elected from an assembly consisting of a representative from each participating educational entity. The degree of control exercised by any participating educational entity is limited to its representation on the Board. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Cisco Academy of Northwest Ohio

The Cisco Academy of Northwest Ohio (the Academy) was established July 1, 1998 to foster cooperation toward joint training and other joint activities of mutual interest among certain educational entities located in Northwest Ohio. The Academy is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by representatives of the member educational entities. The Academy is governed by a management council consisting of a representative appointed from each participating member educational entity. Total disbursements made by the Career Center to the Academy during this fiscal year were \$0. Financial information can be obtained from the Northern Buckeye Educational Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

NOTE 16 – GROUP PURCHASING POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, and life insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the Treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties in which the member educational entities are located. The degree of control exercised by any participating member is limited to its representation on the council.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16 – GROUP PURCHASING POOLS (CONTINUED)

In fiscal year 2011, the Career Center contributed a total for all three plans of \$1,484,305, which represented 4.32 percent of the total contributions. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. NBEC Workers' Compensation Group Rating Plan

The Career Center participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program. The Career Center paid \$1,800 in enrollment fees for fiscal year 2011.

NOTE 17 – CONTINGENCIES

Grants

The Career Center receives significant financial assistance from numerous 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 Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

Litigation

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

NOTE 18 – CHANGE IN BASIS OF ACCOUNTING

For fiscal year 2011, the Career Center modified its financial statements to reflect the modifications outline in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. The statement also requires certain funds to be included with the General Fund.

The fund balance restatements are as follows:

	General Fund	Adult Education Fund	Front Entrance Capital Project Fund	Other Governmental Funds
Fund balance, June 30, 2010	\$ 8,890,153	\$ 134,783	\$ 2,819,100	\$ 6,259
Reclassify Funds	104,037	-	-	(104,037)
Restated Fund Balance, June 30, 2010	<u>\$ 8,994,190</u>	<u>\$ 134,783</u>	<u>\$ 2,819,100</u>	<u>\$ (97,778)</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 19 – FUND BALANCE

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:

<u>Fund Balance</u>	<u>General</u>	<u>Adult Education</u>	<u>Front Entrance</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Nonspendable for:					
Prepaid items	\$ 24,418	\$ -	\$ -	\$ 141	\$ 24,559
Materials and supplies	<u>179,248</u>	<u>8,366</u>	<u>-</u>	<u>6,516</u>	<u>194,130</u>
Total nonspendable	203,666	8,366	-	6,657	218,689
Restricted for:					
Vocational instruction	-	-	-	124,262	124,262
Adult education	-	285,486	-	2,829	288,315
Permanent improvements	-	-	-	134,007	134,007
Building construction	<u>-</u>	<u>-</u>	<u>2,350,473</u>	<u>-</u>	<u>2,350,473</u>
Assigned for:	-	285,486	2,350,473	261,098	2,897,057
Encumbrances	<u>80,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,462</u>
Total assigned	<u>80,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,462</u>
Unassigned	<u>7,289,754</u>	<u>-</u>	<u>-</u>	<u>(32,444)</u>	<u>7,257,310</u>
Total Fund Balance	<u>\$ 7,573,882</u>	<u>\$ 293,852</u>	<u>\$ 2,350,473</u>	<u>\$ 235,311</u>	<u>\$ 10,453,518</u>

NOTE 20 – ACCOUNTABILITY

At June 30, 2011, the Food Service and Perkin Grant special revenue funds had deficit fund balances of \$31,746 and \$698. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**FOUR COUNTY CAREER CENTER
HENRYCOUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2011
(Non-GAAP Basis)**

Federal Grantor/Pass Through Grantor Program Title	Project Number	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Vocational Education - Basic Grants to States				
Secondary Perkins		84.048	\$ 311,452	\$ 311,726
Adult Perkins		84.048	<u>70,756</u>	<u>70,756</u>
			382,208	382,482
Special Education Grant		84.027	826	920
Improving Teacher Quality State Grants (Title II, Part A)		84.367	6,474	6,474
<i>Passed Through Penta Career Center</i>				
Adult Education - State Grant Program	AB-S1-2010	84.002	87,705	114,258
<i>Student Financial Assistance Cluster</i>				
Federal PELL Grant Program		84.063	<u>68,953</u>	<u>68,953</u>
Total Department of Education			546,166	573,087
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Nutrition Cluster:				
National School Lunch Program		10.555	126,837	126,837
School Breakfast Program		10.553	<u>25,495</u>	<u>25,495</u>
Total Department of Agriculture			<u>152,332</u>	<u>152,332</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 698,498</u>	<u>\$ 725,419</u>

The accompanying notes are an integral part of these financial statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
*JUNE 30, 2011***

Note 1 – Significant Accounting Policies

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

Note 2 – Food Distribution

Monies received under federal provisions are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2011, the Career Center had no food commodities in inventory.

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

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County 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 January 20, 2012. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Career Center in a separate letter dated January 20, 2012.

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

A handwritten signature in cursive script that reads "Steyer & Co.".

STEYER & CO.
Certified Public Accountants

Defiance, Ohio
January 20, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Four County Career Center
Archbold, Ohio

Compliance

We have audited Four County Career Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Career Center's major federal programs for the year ended June 30, 2011. The Career Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, the Career Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

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

Our consideration of internal control over compliance 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 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.

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

A handwritten signature in cursive script that reads "Steyer & Co." with a period at the end.

STEYER & CO.
Certified Public Accountants

Defiance, Ohio
January 20, 2012

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified
not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements
noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified
not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance
for major programs? Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education – Basic Grants to States

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? X Yes _____ No

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
*YEAR ENDED JUNE 30, 2011***

Section II – Schedule of Financial Statement Findings

None

Section III – Schedule of Federal Award Findings and Questioned Costs

None

Section IV – Summary of Prior Audit Findings and Questioned Costs

None

STEYER & CO.

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Four County Career Center
Henry County
22-900 State Route 34
Archbold, OH 43502

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 16, 2010 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.



STEYER & CO.
Defiance, Ohio

January 20, 2012



Dave Yost • Auditor of State

FOUR COUNTY CAREER CENTER

HENRY 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
MAY 29, 2012