



Dave Yost • Auditor of State



**APOLLO CAREER CENTER  
ALLEN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Apollo Career Center  
Allen County  
3325 Shawnee Road  
Lima, Ohio 45806

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2012, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As described in Note 3, the Career Center restated the June 30, 2011 Net Assets due to change in the recording of severance payments.

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

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



**Dave Yost**  
Auditor of State

March 8, 2013

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The discussion and analysis of Apollo Career Center's (the Career Center) financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

**USING THIS ANNUAL REPORT**

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

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

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

**REPORTING THE CAREER CENTER AS A WHOLE**

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2012. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the Career Center is divided into two types of activities:

- **Governmental Activities** - Most of the Career Center's programs and services are reported here, including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activity** - This service is provided on a charge for services basis and is intended to recover all or most of the costs of the service provided. The Career Center's adult education program is reported here.

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)**

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

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

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

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

**Enterprise Fund** - The Career Center's enterprise fund uses the accrual basis of accounting, the same as that used for the business-type activity on the government-wide 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.

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

**THE CAREER CENTER AS A WHOLE**

Table 1 provides a summary of the Career Center's net assets for fiscal year 2012 and fiscal year 2011:

**Table 1  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>		<b>Total</b>	
	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011</b>
<b>Assets:</b>						
Current and Other Assets	\$11,021,633	\$9,871,258	\$ 904,996	\$ 964,014	\$11,926,629	\$10,835,272
Capital Assets, Net	4,771,342	4,810,125	2,146,648	2,097,788	6,917,990	6,907,913
<b>Total Assets</b>	<b>15,792,975</b>	<b>14,681,383</b>	<b>3,051,644</b>	<b>3,061,802</b>	<b>18,844,619</b>	<b>17,743,185</b>
<b>Liabilities:</b>						
Current and Other Liabilities	4,444,994	4,121,022	137,329	142,815	4,582,323	4,263,837
Long-Term Liabilities	865,490	929,741	496,990	579,306	1,362,480	1,509,047
<b>Total Liabilities</b>	<b>5,310,484</b>	<b>5,050,763</b>	<b>634,319</b>	<b>722,121</b>	<b>5,944,803</b>	<b>5,772,884</b>

(Continued)

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)**

**Table 1  
Net Assets  
(Continued)**

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>		<b>Total</b>	
	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011</b>
<b>Net Assets:</b>						
Invested in Capital Assets,						
Net of Related Debt	4,504,676	4,463,459	1,744,126	1,614,762	6,248,802	6,078,221
Restricted	1,696,192	1,514,048			1,696,192	1,514,048
Unrestricted	4,281,623	3,653,113	673,199	724,919	4,954,822	4,378,032
<b>Total Net Assets</b>	<b>\$10,482,491</b>	<b>\$9,630,620</b>	<b>\$2,417,325</b>	<b>\$2,339,681</b>	<b>\$12,899,816</b>	<b>\$11,970,301</b>

\*Restated – Note 3

Overall, the Career Center's financial position improved in fiscal year 2012. For governmental activities, current and other assets increased. The Career Center had cut costs to stay within actual revenues received in the fiscal year in order to have cash available for construction planned in the future. Deferred revenue in current and other liabilities increased from a decrease in available property tax revenues at fiscal year end. Restricted and unrestricted net assets increased from the Career Center reducing expenses to stay within revenues received within fiscal year 2012 in order to have available assets for future construction.

For the business-type activity, current and other assets decreased. For fiscal year 2012, the Career Center used cash reserves for improvements to buildings and the acquisition of equipment. Long-term liabilities decreased from the retirement of regularly scheduled debt principal. As a result, total net assets reflect an overall increase.

Table 2 reflects the changes in net assets for fiscal year 2012 and fiscal year 2011.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>		<b>Total</b>	
	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,024,385	\$1,014,841	\$2,331,602	\$2,685,779	\$3,355,987	\$3,700,620
Operating Grants, Contributions, and Interest	2,717,249	2,781,818	434,125	365,109	3,151,374	3,146,927
<b>Total Program Revenues</b>	<b>3,741,634</b>	<b>3,796,659</b>	<b>2,765,727</b>	<b>3,050,888</b>	<b>6,507,361</b>	<b>6,847,547</b>
<b>General Revenues:</b>						
Property Taxes	3,477,191	3,714,608			3,477,191	3,714,608
Grants and Entitlements not Restricted to Specific Programs	4,420,618	4,601,029			4,420,618	4,601,029
Interest	68,993	76,540	9,085	11,026	78,078	87,566
Miscellaneous	120,536	75,827	47,305	85,728	167,841	161,555
<b>Total General Revenues</b>	<b>8,087,338</b>	<b>8,468,004</b>	<b>56,390</b>	<b>96,754</b>	<b>8,143,728</b>	<b>8,564,758</b>
<b>Total Revenues</b>	<b>11,828,972</b>	<b>12,264,663</b>	<b>2,822,117</b>	<b>3,147,642</b>	<b>14,651,089</b>	<b>15,412,305</b>

(Continued)

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)**

**Table 2  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>		<b>Total</b>	
	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011</b>
<b>Program Expenses:</b>						
<b>Instruction:</b>						
Regular	398,309	381,937			398,309	381,937
Special	268,844	165,559			268,844	165,559
Vocational	5,644,390	6,266,443			5,644,390	6,266,443
Adult/Continuing	49,245	49,715			49,245	49,715
<b>Support Services:</b>						
Pupils	511,062	686,613			511,062	686,613
Instructional Staff	707,123	657,459			707,123	657,459
Board of Education	51,773	47,876			51,773	47,876
Administration	765,142	846,576			765,142	846,576
Fiscal	455,289	470,528			455,289	470,528
Operations and Maintenance of Plant	1,246,531	1,168,805			1,246,531	1,168,805
Pupil Transportation	23,272	31,025			23,272	31,025
Central	440,575	586,128			440,575	586,128
Non-instructional Services	312,986	331,345			312,986	331,345
Extracurricular Activities	32,883	30,581			32,883	30,581
Adult Education			2,814,150	3,054,874	2,814,150	3,054,874
<b>Total Expenses</b>	<b>10,907,424</b>	<b>11,720,590</b>	<b>2,814,150</b>	<b>3,054,874</b>	<b>13,721,574</b>	<b>14,775,464</b>
<b>Excess of Revenues Over Expenses Before Transfers</b>	<b>921,548</b>	<b>544,073</b>	<b>7,967</b>	<b>92,768</b>	<b>929,515</b>	<b>636,841</b>
<b>Transfers</b>	<b>(69,677)</b>		<b>69,677</b>			
<b>Change in Net Assets</b>	<b>851,871</b>	<b>544,073</b>	<b>77,644</b>	<b>92,768</b>	<b>929,515</b>	<b>636,841</b>
<b>Net Assets at Beginning of Year</b>	<b>9,630,620</b>	<b>9,086,547</b>	<b>2,339,681</b>	<b>2,246,913</b>	<b>11,970,301</b>	<b>11,333,460</b>
<b>Net Assets at End of Year</b>	<b>\$10,482,491</b>	<b>\$9,630,620</b>	<b>\$2,417,325</b>	<b>\$2,339,681</b>	<b>\$12,899,816</b>	<b>\$11,970,301</b>

\*Restated – Note 3

For governmental activities, program revenues made up 32 percent of total revenues for fiscal year 2012, which is comparable to the prior fiscal year. Program revenues consist of tuition, sales of goods or services developed by the various career training classes, charges for providing lunches to students, and grants for specified purposes. Program revenues did not change significantly.

General revenues decreased by 4 percent. The decrease in property taxes resulted from a reduction in the amount prepaid in real estate property taxes. The principal decrease in unrestricted grants and entitlements resulted from a decrease in the tangible personal property reimbursement from \$591,876 in fiscal year 2011 to \$342,883 in fiscal year 2012. In addition, rollback and homestead revenues from the State of Ohio received by the Career Center related to real estate property values decreased.

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)**

Overall, expenses for governmental activities decreased approximately 7 percent. The major program expenses are for instruction, which account for 58 percent of all governmental expenses. Expenses for special instruction increased principally from the hiring of an additional special education instructor. Vocational instruction costs decreased from the elimination of vocational programs which resulted in the elimination of nine employees, along with a reduction of extended service contracts. Expenses for pupil support services decreased from the elimination of one guidance counselor position, along with decreasing extended day contracts with remaining employees. Administration support service expenses decreased from the elimination of a supervisor and administration assistant, along with a voluntary pay reduction for other administrators. The decrease in central support service costs resulted from decreasing advertising costs.

For the business-type activity, there was a 9 percent decrease in program revenues due to a reduction in tuition revenues resulting from a decline of students. Operating expenses decreased by 8 percent. The Career Center modifies the curriculum as needed to provide for only those classes that are attended.

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

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011*</b>	<b>2012</b>	<b>2011*</b>
<b>Instruction:</b>				
Regular	\$ 398,309	\$ 381,937	\$ 396,934	\$ 381,937
Special	268,844	165,559	(123,740)	(227,025)
Vocational	5,644,390	6,266,443	2,657,276	3,276,525
Adult/Continuing	49,245	49,715	(60,141)	(49,725)
<b>Support Services:</b>				
Pupils	511,062	686,613	511,062	681,613
Instructional Staff	707,123	657,459	707,123	657,459
Board of Education	51,773	47,876	51,773	47,876
Administration	765,142	846,576	765,142	846,576
Fiscal	455,289	470,528	455,289	470,528
Operation and Maintenance of Plant	1,246,531	1,168,805	1,246,531	1,168,805
Pupil Transportation	23,272	31,025	23,272	31,025
Central	440,575	586,128	440,575	586,128
Non-instructional Services	312,986	331,345	61,811	21,628
Extracurricular Activities	32,883	30,581	32,883	30,581
<b>Total Expenses</b>	<b>\$10,907,424</b>	<b>\$11,720,590</b>	<b>\$7,165,790</b>	<b>\$7,923,931</b>

\*Restated – Note 3

It should be noted that for all governmental activities, over 65 percent of the revenues to provide these services are derived from the Career Center's general revenues; that being primarily property taxes and State shared revenues. This is comparable to fiscal year 2011. The remaining 35 percent are derived from tuition and fees, specific grants, and donations.

Program revenues paid for 55 percent of instruction costs compared to 51 percent in fiscal year 2011. The special instruction and adult/continuing program costs were fully funded with operating grants.

The non-instructional services program costs were almost fully funded through user charges from cafeteria sales and state and federal subsidies.

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)**

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund and the Permanent Improvement capital projects fund. The excess of revenues over expenditures led to a 17 percent increase in fund balance in the General Fund. During fiscal year 2012, significant costs reductions were implemented. Eight positions were eliminated through reduction in force, four employees resigned and six employees retired, of which only three positions were replaced. In addition, three employees accepted a reduction of hours in their contracts and a voluntary pay cut was taken by two administrators. Five vocational programs were eliminated.

The Permanent Improvement capital projects fund had an increase in fund balance of 14 percent as the Career Center was accumulating funds for possible expansion.

**BUSINESS-TYPE ACTIVITY FINANCIAL ANALYSIS**

The Career Center's enterprise fund is the Adult Education fund. There was an increase in net assets primarily due to capital contributions in fiscal year 2012.

**GENERAL FUND BUDGETING HIGHLIGHTS**

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

During fiscal year 2012, the Career Center amended its General Fund budget as needed. Changes from both the original budget to the final budget and from the final budget to actual revenues were not significant. Changes from the original budget to the final budget for expenditures were not significant. The Career Center approved the fiscal year 2012 budget prior to making significant cuts and did not adjust for those reductions in expenditures. Based on those cuts, the General Fund's expenditures decreased by over \$871,000 in vocational instruction costs due to the reduction in staff and offered programs. Pupil support services costs decreased from the elimination of a guidance counselor position. In some departments, purchases of purchased services and supplies and materials were based on an immediate need basis. Extracurricular activities expenditures are related to students traveling to various competitions and costs will fluctuate based on student involvement.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Career Center's investment in capital assets for governmental and business-type activities as of June 30, 2012, was \$4,771,342 and \$2,146,648, respectively (net of accumulated depreciation). For further information regarding the Career Center's capital assets, refer to Note 9 to the basic financial statements.

**Debt**

At June 30, 2012, the Career Center's overall long-term obligations consisted of long-term loans, in the amount of \$669,188. Of this amount, \$402,522 will be repaid from the business-type activity. The Career Center did not issue any additional debt in fiscal year 2012. The Career Center's long-term obligations also include compensated absences. For further information regarding the Career Center's long-term obligations, refer to Note 15 to the basic financial statements.

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
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(Continued)**

**CURRENT ISSUES**

As of September 30, 2012, the five-year forecast for the General Fund projects a 17 percent decrease in the carryover cash balance over the next five years. The General Fund's cash balance per the five-year forecast to begin fiscal year 2013 was \$5,394,649 with a projected cash balance as of June 30, 2017, of \$4,468,136.

In fiscal year 2011, the Career Center encountered its first year of deficit spending since fiscal year 2004. During fiscal year 2011, the administrative team reviewed all program expenses compared to revenues and made major cuts to programs and personnel in 2011 and 2012, which will continue forward into fiscal year 2013.

Due to the cost savings measures in fiscal year 2012, the Career Center had an increase in cash of approximately \$852,000 in the General Fund. In June 2012, the Career Center accepted a two year negotiated contract with employees which included a 0 percent increase in base pay for both years.

**REQUEST FOR INFORMATION**

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

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**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	<b>Governmental Activities</b>	<b>Business- Type Activity</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,021,966	\$782,486	\$7,804,452
Accounts Receivable	5,206	12,195	17,401
Accrued Interest Receivable	696		696
Intergovernmental Receivable	26,369	75,872	102,241
Prepaid Items	39,056	34,443	73,499
Property Taxes Receivable	3,928,340		3,928,340
Non-depreciable Capital Assets	369,221	20,914	390,135
Depreciable Capital Assets, Net	4,402,121	2,125,734	6,527,855
<b>Total Assets</b>	<b>15,792,975</b>	<b>3,051,644</b>	<b>18,844,619</b>
<b>Liabilities:</b>			
Accrued Wages and Benefits Payable	670,965	84,684	755,649
Accounts Payable	85,190	12,906	98,096
Intergovernmental Payable	162,105	39,739	201,844
Deferred Revenue	3,526,734		3,526,734
<b>Long-Term Liabilities:</b>			
Due Within One Year	176,550	100,123	276,673
Due in More Than One Year	688,940	396,867	1,085,807
<b>Total Liabilities</b>	<b>5,310,484</b>	<b>634,319</b>	<b>5,944,803</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	4,504,676	1,744,126	6,248,802
<b>Restricted for:</b>			
Capital Projects	1,494,570		1,494,570
Other Purposes	201,622		201,622
Unrestricted	4,281,623	673,199	4,954,822
<b>Total Net Assets</b>	<b>\$10,482,491</b>	<b>\$2,417,325</b>	<b>\$12,899,816</b>

*See accompanying notes to the basic financial statements.*

APOLLO CAREER CENTER  
ALLEN COUNTY

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$398,309		\$1,375	(\$396,934)		(\$396,934)
Special	268,844		392,584	123,740		123,740
Vocational	5,644,390	\$894,367	2,092,747	(2,657,276)		(2,657,276)
Adult/Continuing	49,245		109,386	60,141		60,141
<b>Support Services:</b>						
Pupils	511,062			(511,062)		(511,062)
Instructional Staff	707,123			(707,123)		(707,123)
Board of Education	51,773			(51,773)		(51,773)
Administration	765,142			(765,142)		(765,142)
Fiscal	455,289			(455,289)		(455,289)
Operation and Maintenance of Plant	1,246,531			(1,246,531)		(1,246,531)
Pupil Transportation	23,272			(23,272)		(23,272)
Central	440,575			(440,575)		(440,575)
Non-instructional Services	312,986	130,018	121,157	(61,811)		(61,811)
Extracurricular Activities	32,883			(32,883)		(32,883)
Total Governmental Activities	10,907,424	1,024,385	2,717,249	(7,165,790)		(7,165,790)
<b>Business-Type Activity:</b>						
Adult Education	2,814,150	2,331,602	434,125		(48,423)	(48,423)
Total	<u>\$13,721,574</u>	<u>\$3,355,987</u>	<u>\$3,151,374</u>	<u>(7,165,790)</u>	<u>(48,423)</u>	<u>(7,214,213)</u>
<b>General Revenues:</b>						
<b>Property Taxes Levied for:</b>						
General Purposes				2,873,978		2,873,978
Permanent Improvement				603,213		603,213
Grants and Entitlements not Restricted to Specific Programs				4,420,618		4,420,618
Interest				68,993	9,085	78,078
Miscellaneous				120,536	47,305	167,841
Total General Revenues				8,087,338	56,390	8,143,728
Transfers				(69,677)	69,677	
Total General Revenues and Transfers				8,017,661	126,067	8,143,728
Change in Net Assets				851,871	77,644	929,515
Net Assets at Beginning of Year - Restated (Note 3)				9,630,620	2,339,681	11,970,301
Net Assets at End of Year				<u>\$10,482,491</u>	<u>\$2,417,325</u>	<u>\$12,899,816</u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,500,589	\$969,560	\$551,817	\$7,021,966
Accounts Receivable	5,180		26	5,206
Accrued Interest Receivable	696			696
Interfund Receivable	145,000			145,000
Intergovernmental Receivable			26,369	26,369
Prepaid Items	38,699		357	39,056
Property Taxes Receivable	3,242,608	685,732		3,928,340
Total Assets	<u>\$8,932,772</u>	<u>\$1,655,292</u>	<u>\$578,569</u>	<u>\$11,166,633</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accrued Wages and Benefits Payable	655,515		15,450	670,965
Accounts Payable	49,279	35,864	47	85,190
Interfund Payable			145,000	145,000
Intergovernmental Payable	148,665		13,440	162,105
Deferred Revenue	3,001,435	668,530	9,053	3,679,018
Total Liabilities	<u>3,854,894</u>	<u>704,394</u>	<u>182,990</u>	<u>4,742,278</u>
<b>Fund Balances:</b>				
Non-spendable	183,699		357	184,056
Restricted		950,898	14,091	964,989
Committed	20,482			20,482
Assigned	527,946		516,865	1,044,811
Unassigned (Deficit)	4,345,751		(135,734)	4,210,017
Total Fund Balances	<u>5,077,878</u>	<u>950,898</u>	<u>395,579</u>	<u>6,424,355</u>
Total Liabilities and Fund Balances	<u>\$8,932,772</u>	<u>\$1,655,292</u>	<u>\$578,569</u>	<u>\$11,166,633</u>

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER  
ALLEN COUNTY

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012**

Total Governmental Fund Balances \$6,424,355

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

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported in the funds. 4,771,342

Other long-term assets are not available to pay for current  
period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	\$3,971	
Accrued Interest Receivable	403	
Intergovernmental Receivable	9,027	
Property Taxes Receivable	<u>138,883</u>	
		152,284

Some liabilities are not due and payable in the current  
period and, therefore, are not reported in the funds:

Loans Payable	(266,666)	
Compensated Absences Payable	<u>(598,824)</u>	
		<u>(865,490)</u>

Net Assets of Governmental Activities \$10,482,491

*See accompanying notes to the basic financial statements.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Revenues:</b>				
Property Taxes	\$2,848,945	\$626,467		\$3,475,412
Intergovernmental	6,320,909	209,974	\$597,159	7,128,042
Interest	77,778		485	78,263
Tuition and Fees	657,400			657,400
Charges for Services	86,766		279,782	366,548
Miscellaneous	111,110	172	8,298	119,580
Total Revenues	<u>10,102,908</u>	<u>836,613</u>	<u>885,724</u>	<u>11,825,245</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	412,836			412,836
Special	167,258		87,407	254,665
Vocational	4,979,799	43,093	277,292	5,300,184
Adult/Continuing			48,038	48,038
<b>Support Services:</b>				
Pupils	517,588		141	517,729
Instructional Staff	495,165	295	193,992	689,452
Board of Education	51,365			51,365
Administration	746,676	5,236	8,740	760,652
Fiscal	430,598	15,138		445,736
Operation and Maintenance of Plant	1,162,061			1,162,061
Pupil Transportation	2,297			2,297
Central	374,255			374,255
Non-instructional Services	1,110		287,799	288,909
Extracurricular Activities	32,883			32,883
Capital Outlay		577,196	4,311	581,507
<b>Debt Service:</b>				
Principal Retirement		80,000		80,000
Total Expenditures	<u>9,373,891</u>	<u>720,958</u>	<u>907,720</u>	<u>11,002,569</u>
Changes in Fund Balances	729,017	115,655	(21,996)	822,676
Fund Balances at Beginning of Year	<u>4,348,861</u>	<u>835,243</u>	<u>417,575</u>	<u>5,601,679</u>
Fund Balances at End of Year	<u>\$5,077,878</u>	<u>\$950,898</u>	<u>\$395,579</u>	<u>\$6,424,355</u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Changes in Fund Balances - Total Governmental Funds \$822,676

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

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

Capital Outlay - Nondepreciable Assets	\$49,576	
Capital Outlay - Depreciable Assets	327,056	
Depreciation	<u>(335,075)</u>	41,557

The book value of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. The cost of assets transferred to business-type activities is also removed from the statement of net assets.

Loss on Disposal of Capital Assets	(10,663)	
Value of Assets Transferred to Business-Type Activities	<u>(69,677)</u>	(80,340)

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

Property Taxes	1,779	
Intergovernmental	9,027	
Interest	(8,472)	
Tuition and Fees	411	
Charges for Services	26	
Miscellaneous	<u>956</u>	3,727

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 80,000

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (15,749)

Change in Net Assets of Governmental Activities \$851,871

*See accompanying notes to the basic financial statements.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$2,964,568	\$2,964,568	\$3,058,930	\$94,362
Intergovernmental	6,373,621	6,373,621	6,320,909	(52,712)
Interest	84,400	84,400	77,186	(7,214)
Tuition and Fees	676,482	665,482	658,380	(7,102)
Charges for Services	111,416	88,916	87,360	(1,556)
Miscellaneous	87,552	86,652	121,464	34,812
Total Revenues	<u>10,298,039</u>	<u>10,263,639</u>	<u>10,324,229</u>	<u>60,590</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	408,584	408,584	438,266	(29,682)
Special	162,100	162,101	175,718	(13,617)
Vocational	6,204,794	6,219,357	5,347,856	871,501
<b>Support Services:</b>				
Pupils	718,140	718,140	558,945	159,195
Instructional Staff	519,180	519,180	527,888	(8,708)
Board of Education	63,921	63,921	48,521	15,400
Administration	862,557	862,556	813,275	49,281
Fiscal	468,604	468,604	464,549	4,055
Operation and Maintenance of Plant	1,205,138	1,205,138	1,212,256	(7,118)
Pupil Transportation	10,000	10,000	5,635	4,365
Central	424,467	424,467	409,802	14,665
Non-instructional Activities	4,000	1,200	1,110	90
Extracurricular Activities	50,000	50,000	33,085	16,915
Total Expenditures	<u>11,101,485</u>	<u>11,113,248</u>	<u>10,036,906</u>	<u>1,076,342</u>
Excess of Revenues Over (Under) Expenditures	<u>(803,446)</u>	<u>(849,609)</u>	<u>287,323</u>	<u>1,136,932</u>
<b>Other Financing Sources (Uses):</b>				
Other Financing Uses	(3,769,505)	(3,769,504)		3,769,504
Refund of Prior Year Receipts	(500)	(500)		500
Advances In	80,000	80,000		(80,000)
Advances Out	(75,000)	(75,000)		75,000
Total Other Financing Sources (Uses)	<u>(3,765,005)</u>	<u>(3,765,004)</u>		<u>3,765,004</u>
Changes in Fund Balance	(4,568,451)	(4,614,613)	287,323	4,901,936
Fund Balance at Beginning of Year	4,069,692	4,069,692	4,069,692	
Prior Year Encumbrances Appropriated	578,894	578,894	578,894	
Fund Balance at End of Year	<u>\$80,135</u>	<u>\$33,973</u>	<u>\$4,935,909</u>	<u>\$4,901,936</u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF FUND NET ASSETS  
ENTERPRISE FUND  
JUNE 30, 2012**

	<b>Adult Education</b>
<b>Assets:</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$782,486
Accounts Receivable	12,195
Intergovernmental Receivable	75,872
Prepaid Items	34,443
Total Current Assets	904,996
<b>Non current Assets:</b>	
Non-depreciable Capital Assets	20,914
Depreciable Capital Assets, Net	2,125,734
Total Non-current Assets	2,146,648
Total Assets	3,051,644
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accrued Wages and Benefits Payable	84,684
Accounts Payable	12,906
Intergovernmental Payable	39,739
Loans Payable	80,504
Compensated Absences Payable	19,619
Total Current Liabilities	237,452
<b>Non current Liabilities:</b>	
Loans Payable	322,018
Compensated Absences Payable	74,849
Total Long-Term Liabilities	396,867
Total Liabilities	634,319
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	1,744,126
Unrestricted	673,199
Total Net Assets	\$2,417,325

*See accompanying notes to the basic financial statements.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Adult Education</u>
<b>Operating Revenues:</b>	
Charges for Services	\$2,331,602
Miscellaneous	47,305
Total Operating Revenues	<u>2,378,907</u>
<b>Operating Expenses:</b>	
Personal Services	1,544,920
Fringe Benefits	370,728
Materials and Supplies	351,750
Contractual Services	436,919
Depreciation	109,833
Total Operating Expenses	<u>2,814,150</u>
Operating Loss	<u>(435,243)</u>
<b>Non-Operating Revenues:</b>	
Interest Revenue	9,085
Grants	434,125
Total Non-Operating Revenues	<u>443,210</u>
Income Before Contributions	7,967
Capital Contributions	<u>69,677</u>
Change in Net Assets	77,644
Net Assets at Beginning of Year - Restated (Note 3)	<u>2,339,681</u>
Net Assets at End of Year	<u><u>\$2,417,325</u></u>

*See accompanying notes to the basic financial statements.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Adult Education</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$2,374,537
Cash Received from Other Revenues	47,305
Cash Payments for Personal Services	(1,564,595)
Cash Payments for Fringe Benefits	(373,516)
Cash Payments for Materials and Supplies	(346,624)
Cash Payments for Contractual Services	(430,548)
Net Cash Used for Operating Activities	(293,441)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash Received from Grants	433,105
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of Capital Assets	(89,016)
Cash Payments for Loans Principal	(80,504)
Net Cash Used for Capital and Related Financing Activities	(169,520)
<b>Cash Flows from Investing Activities:</b>	
Interest Revenue	9,085
Net Decrease in Cash and Cash Equivalents	(20,771)
Cash and Cash Equivalents at Beginning of Year	803,257
Cash and Cash Equivalents at End of Year	\$782,486
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>	
Operating Loss	(\$435,243)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</b>	
Depreciation	109,833
<b>Changes in Assets and Liabilities:</b>	
Decrease in Accounts Receivable	10,790
Decrease in Intergovernmental Receivable	32,145
Increase in Prepaid Items	(3,668)
Decrease in Accrued Wages and Benefits Payable	(17,863)
Decrease in Accounts Payable	(2,345)
Increase in Intergovernmental Payable	14,722
Decrease in Compensated Absences Payable	(1,812)
Net Cash Used for Operating Activities	(\$293,441)

Governmental activities donated capital assets to the Adult Education enterprise fund, in the amount of \$69,677.

*See accompanying notes to the basic financial statements.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	<b>Private Purpose Trust</b>	<b>Agency</b>
	<u>          </u>	<u>          </u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$249,957	\$49,108
Intergovernmental Receivable		41,653
Total Assets	<u>249,957</u>	<u>\$90,761</u>
 <b>Liabilities:</b>		
Due to Students		\$47,957
Undistributed Assets		42,804
Total Liabilities		<u>\$90,761</u>
 <b>Net Assets:</b>		
Held in Trust for Scholarships	<u>\$249,957</u>	

*See accompanying notes to the basic financial statements.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Additions:</b>	
Interest	\$4,836
Gifts and Contributions	28,032
Miscellaneous	<u>35,706</u>
Total Additions	<u>68,574</u>
<b>Deductions:</b>	
Non-instructional Services	<u>65,442</u>
Change in Net Assets	3,132
Net Assets at Beginning of Year	<u>246,825</u>
Net Assets at End of Year	<u><u>\$249,957</u></u>

*See accompanying notes to the basic financial statements.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

**Reporting Entity**

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

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

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

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Governmental Funds**

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

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

**Permanent Improvement Fund** - The Permanent Improvement capital projects fund accounts for property taxes and related resources restricted for the acquisition, construction, or improvement of capital facilities.

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

**2. Proprietary Fund**

Proprietary fund reporting focuses on the determination of operating income, change in net assets, financial position, and cash flows.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the School District's only enterprise fund:

**Adult Education Fund** - The Adult Education enterprise fund is used to account for tuition charges and grants restricted for adult education.

**3. Fiduciary Funds**

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

**APOLLO CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

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

**2. Fund Financial Statements**

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

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

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

**D. Basis of Accounting**

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

**1. 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Career Center, available means expected to be received within sixty days of fiscal year end.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**2. Deferred Revenues**

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

Property taxes for which there was an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**3. Expenses/Expenditures**

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

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

**E. Budgetary Process**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**F. Cash and Investments**

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

During fiscal year 2012, the Career Center's investments included nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, U.S. Treasury securities, mutual funds, and STAR Ohio. The Career Center's investments are reported at fair value, except for repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on June 30, 2012.

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 2012 was \$77,778, which included \$16,545 assigned from other Career Center funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Capital Assets**

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Career Center maintains a capitalization threshold of two thousand dollars. The Career Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	20 years	20 years
Buildings and Building Improvements	20 - 50 years	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	8 years

**I. Interfund Assets/Liabilities**

On fund financial statements, outstanding interfund loans are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net assets, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**L. Net Assets**

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

**M. Fund Balance**

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

**Non-spendable** - The non-spendable 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. It also includes the long-term portion of interfund receivable.

**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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**N. Operating Revenues and Expenses**

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

**O. Capital Contributions**

Capital contributions arise from the contribution of capital assets from other funds.

**P. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Transfers within governmental activities or business-type activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Estimates**

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

**3. RESTATEMENT OF NET ASSETS**

In prior fiscal years, all severance payments were paid from governmental activities. In fiscal year 2012, the Career Center decided severance payments will be paid from the fund that the employee is paid. As a result, a restatement is necessary to reflect the liability in the enterprise fund for applicable employees.

The restatement had the following effect on net assets:

	<b>Total Governmental Activities</b>
Net Assets at June 30, 2011	\$9,552,065
Compensated Absences Payable	78,555
Adjusted Net Assets at June 30, 2011	\$9,630,620
	<b>Business-Type Activities</b>
	<b>Adult Education</b>
Net Assets at June 30, 2011	\$2,418,236
Compensated Absences Payable	(78,555)
Adjusted Net Assets at June 30, 2011	\$2,339,681

**4. ACCOUNTABILITY**

At June 30, 2012, the House Construction, Adult Basic Literacy Education, and Vocational Education special revenue funds had deficit fund balances of \$134,148, \$225, and \$1,265, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**5. BUDGETARY BASIS OF ACCOUNTING**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

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

<b>Changes in Fund Balance</b>	
	<b>General</b>
GAAP Basis	\$729,017
<b>Increase (Decrease) Due To</b>	
<b>Revenue Accruals:</b>	
Accrued FY 2011, Received in Cash FY 2012	469,698
Accrued FY 2012, Not Yet Received in Cash	(247,049)
<b>Expenditure Accruals:</b>	
Accrued FY 2011, Paid in Cash FY 2012	(950,121)
Accrued FY 2012, Not Yet Paid in Cash	853,459
Change in Fair Value	(1,328)
Prepaid Items	(3,261)
Encumbrances Outstanding at Year End (Budget Basis)	(563,092)
Budget Basis	\$287,323

**6. DEPOSITS AND INVESTMENTS**

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Investments**

As of June 30, 2012, the Career Center had the following investments.

	<b>Total</b>	<b>Less Than Six Months</b>	<b>Six Months to One Year</b>	<b>One Year to Two Years</b>	<b>More Than Two Years</b>
Repurchase Agreement	\$1,916,739	\$1,916,739			
Federal Home Loan Mortgage Corporation Notes	369,854	195,111	\$174,743		
Federal National Mortgage Association Notes	300,614			\$ 50,331	\$250,283
Federal Home Loan Bank Notes	275,327			275,327	
U.S. Treasury Bill	79,866			79,866	
Mutual Funds	41,203	41,203			
STAR Ohio	98	98			
<b>Total</b>	<b>\$2,983,701</b>	<b>\$2,153,151</b>	<b>\$174,743</b>	<b>\$405,524</b>	<b>\$250,283</b>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

The securities underlying the repurchase agreements (Federal Home Loan Mortgage Corporation Notes), the Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, and mutual funds carry a rating of Aaa by Moodys. The Washington Mutual Investment Fund (\$35,316 of the Mutual Funds value) is not rated and does not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. STAR Ohio carries a rating of AAA by Standard and Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Career Center's name. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of State statute.

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corporation	\$369,854	12.40%
Repurchase Agreement	1,916,739	64.23
Mutual Funds	41,203	1.38
Federal National Mortgage Association	300,614	10.08
Federal Home Loan Bank	275,327	9.23
U.S. Treasury	79,866	2.68

**7. RECEIVABLES**

Receivables at June 30, 2012, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except interfund and property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**7. RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
<b>Governmental Activities:</b>	
Adult Basic Literacy Education Grant	\$26,369
<b>Business-Type Activity:</b>	
Adult Education Tuition	41,389
Grant	34,483
Total Business-Type Activity	\$75,872
Agency Fund Pell Grant Grant	\$41,653

**8. PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after October 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2012, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**8. PROPERTY TAXES (Continued)**

The amount available as an advance at June 30, 2012, was \$245,521 in the General Fund and \$17,202 in the Replacement capital projects fund. The amount available as an advance at June 30, 2011, was \$455,506 in the General Fund and \$24,171 in the Replacement capital projects fund.

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

The assessed values upon which fiscal year 2012 taxes were collected are:

	<b>2011 Second- Half Collections</b>		<b>2012 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$1,517,649,850	76.04%	\$1,557,897,060	76.06%
Commercial/Industrial	392,551,950	19.67	399,498,230	19.51
Public Utility	85,597,040	4.29	90,838,050	4.43
Total Assessed Value	<u>\$1,995,798,840</u>	<u>100.00%</u>	<u>\$2,048,233,340</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

**9. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<b>Balance at 6/30/11</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/12</b>
<b>Governmental Activities:</b>				
<b>Non-depreciable Capital Assets:</b>				
Land	\$ 320,294			\$ 320,294
Construction in Progress		\$49,576	(\$ 649)	48,927
Total Non-depreciable Capital Assets	<u>320,294</u>	<u>49,576</u>	<u>(649)</u>	<u>369,221</u>
<b>Depreciable Capital Assets:</b>				
Land Improvements	279,207			279,207
Buildings and Building Improvements	7,937,845	160,446	(47,835)	8,050,456
Furniture, Fixtures, and Equipment	2,276,254	116,487	(78,194)	2,314,547
Vehicles	344,819	50,123	(9,800)	385,142
Total Depreciable Capital Assets	<u>10,838,125</u>	<u>327,056</u>	<u>(135,829)</u>	<u>11,029,352</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(198,955)	(5,748)		(204,703)
Buildings and Building Improvements	(4,580,014)	(171,797)		(4,751,811)
Furniture, Fixtures, and Equipment	(1,289,427)	(137,806)	46,338	(1,380,895)
Vehicles	(279,898)	(19,724)	9,800	(289,822)
Total Accumulated Depreciation	<u>(6,348,294)</u>	<u>(335,075)</u>	<u>56,138</u>	<u>(6,627,231)</u>
Depreciable Capital Assets, Net	<u>4,489,831</u>	<u>(8,019)</u>	<u>(79,691)</u>	<u>4,402,121</u>
Governmental Activities Capital Assets, Net	<u>\$4,810,125</u>	<u>\$41,557</u>	<u>(\$80,340)</u>	<u>\$4,771,342</u>

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(Continued)**

**9. CAPITAL ASSETS (Continued)**

	<u>Balance at 6/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/12</u>
<b>Business-Type Activities:</b>				
<b>Non-depreciable Capital Assets:</b>				
Land	\$ 20,914			\$ 20,914
<b>Depreciable Capital Assets:</b>				
Land Improvements	416,808			416,808
Buildings and Building Improvements	2,245,141	\$116,307		2,361,448
Furniture, Fixtures, and Equipment	146,638	42,386	(\$19,907)	169,117
Vehicles	291,813			291,813
Total Depreciable Capital Assets	<u>3,100,400</u>	<u>158,693</u>	<u>(19,907)</u>	<u>3,239,186</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(101,883)	(20,840)		(122,723)
Buildings and Building Improvements	(692,189)	(49,942)		(742,131)
Furniture, Fixtures, and Equipment	(72,125)	(10,052)	19,907	(62,270)
Vehicles	(157,329)	(28,999)		(186,328)
Total Accumulated Depreciation	<u>(1,023,526)</u>	<u>(109,833)</u>	<u>19,907</u>	<u>(1,113,452)</u>
Depreciable Capital Assets, Net	<u>2,076,874</u>	<u>48,860</u>		<u>2,125,734</u>
Business-Type Activities Capital Assets, Net	<u>\$2,097,788</u>	<u>\$ 48,860</u>	<u>\$ 0</u>	<u>\$2,146,648</u>

The Adult Education enterprise fund received capital assets from governmental activities, in the amount of \$69,677.

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$ 6,622
Vocational	225,496
Adult/Continuing	1,207
<b>Support Services:</b>	
Pupils	253
Instructional Staff	7,161
Board of Education	408
Administration	2,480
Fiscal	1,908
Operation and Maintenance of Plant	24,648
Pupil Transportation	20,975
Central	21,588
Non-instructional Services	22,329
Total Depreciation Expense	<u>\$335,075</u>

**10. INTERFUND RECEIVABLES/PAYABLES**

At June 30, 2012, the General Fund had an interfund receivable, in the amount of \$145,000, from providing cash flow resources to other governmental funds. This amount will not be repaid within one year.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**11. 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 2012, the Career Center contracted for the following insurance coverage.

SORSA	
Building and Contents - Replacement Cost	\$32,640,961
Automobile Liability	2,000,000
Excess Liability	10,000,000
General Liability	
Per Occurrence	2,000,000
Aggregate	4,000,000

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

In fiscal year 2012, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

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

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

**12. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The Career Center's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$717,159 and \$22,989 for the fiscal year ended June 30, 2012, \$682,397 and \$24,171 for the fiscal year ended June 30, 2011, and \$805,752 and \$25,610 for the fiscal year ended June 30, 2010. For fiscal year 2012, 88 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

The contribution to STRS Ohio for the DCP for fiscal year 2012 was \$15,611 made by the Career Center and \$11,151 made by the plan members. In addition, member contributions of \$16,421 were made for fiscal year 2012 for the defined contribution portion of the CP.

**B. School Employees Retirement System**

**Plan Description** - The Career Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 was \$223,979, \$227,004, and \$234,490, respectively. For fiscal year 2012, 97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2012, five of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**13. POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

**Plan Description** - The Career Center participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Funding Policy** - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The Career Center's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$58,135, \$56,361, and \$66,486, respectively. For fiscal year 2012, 88 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**13. POSTEMPLOYMENT BENEFITS (Continued)**

**B. School Employees Retirement System**

**Plan Description** - The Career Center participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2012, this amount was \$35,800. For fiscal year 2012, the Career Center paid \$34,544 in surcharge.

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

The Career Center's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$9,700, \$27,487, and \$8,440, respectively. For fiscal year 2012, 97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2012, this actuarially required allocation was .75 percent of covered payroll. The Career Center's contribution for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 was \$13,227, \$14,608, and \$13,945, respectively. For fiscal year 2012, 97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

**14. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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(Continued)**

**14. OTHER EMPLOYEE BENEFITS (Continued)**

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Teachers may accumulate sick leave up to a maximum of two hundred thirty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of fifty-seven days. Administrators and classified employees may accumulate sick leave up to a maximum of two hundred forty days and upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days.

**B. Health Care Benefits**

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

**15. LONG-TERM OBLIGATIONS**

The changes in the Career Center's long-term obligations during fiscal year 2012 were as follows:

	<b>Balance at 6/30/11*</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/12</b>	<b>Within One Year</b>
Governmental Activities					
Building Assistance Loans 0%	\$346,666		\$80,000	\$266,666	\$53,333
Compensated Absences Payable	583,075	\$243,908	228,159	598,824	123,217
Total Long-Term Obligations	<u>\$929,741</u>	<u>\$243,908</u>	<u>\$308,159</u>	<u>\$865,490</u>	<u>\$176,550</u>
	<b>Balance at 6/30/11*</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/12</b>	<b>Within One Year</b>
Business-Type Activity					
Building Assistance Loans 0%	\$483,026		\$80,504	\$402,522	\$80,504
Compensated Absences Payable	96,280	\$13,127	14,939	94,468	19,619
Total Long-Term Obligations	<u>\$579,306</u>	<u>\$13,127</u>	<u>\$ 95,443</u>	<u>\$496,990</u>	<u>\$100,123</u>

\* As Restated, See Note 3

**Building Assistance Loans** - In January 2003, the Career Center obtained an interest-free loan for the construction of an equipment building, in the amount of \$800,000. The loan was issued for a fifteen year period with final maturity in fiscal year 2017. The loan is being retired from the Permanent Improvement capital projects fund.

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

Compensated absences will be paid from the General Fund, Food Service and Adult Basic Literacy Education special revenue funds, and the Adult Education enterprise fund.

The Career Center's overall debt margin was \$175,597,215 with an un-voted debt margin of \$1,958,516 at June 30, 2012.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**15. LONG-TERM OBLIGATIONS (Continued)**

Principal requirements to retire the outstanding loans at June 30, 2012, were as follows:

Fiscal year Ending June 30,	Governmental Activities Principal	Business-Type Activity Principal
2013	\$ 53,333	\$ 80,504
2014	53,333	80,504
2015	53,333	80,505
2016	53,333	80,505
2017	53,334	80,504
Total	<u>\$266,666</u>	<u>\$402,522</u>

**16. 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 acquisition and construction of capital improvements. The amount not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2012.

	<u>Capital Improvements</u>
Balance June 30, 2011	
Current Year Set Aside Requirement	\$137,219
Current Year Offsets	(137,219)
Balance June 30, 2012	<u>\$ 0</u>

**17. FUND BALANCE**

Fund balance is classified as non-spendable, 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:

Fund Balance	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Non-spendable for:</b>				
Interfund	\$145,000			\$ 145,000
Pre-paids	38,699		\$ 357	39,056
Total Non-spendable	<u>183,699</u>		<u>357</u>	<u>184,056</u>
<b>Restricted for:</b>				
Capital Improvements		\$950,898		950,898
Food Service Operations			14,091	14,091
Total Restricted		<u>950,898</u>	<u>14,091</u>	<u>964,989</u>

(Continued)

**APOLLO CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**17. FUND BALANCE (Continued)**

<u>Fund Balance</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Committed for:</b>				
Severance	20,482			20,482
<b>Assigned for:</b>				
Capital Improvements			516,865	516,865
Educational Activities	2,479			2,479
Unpaid Obligations	525,467			525,467
Total Assigned	527,946		516,865	1,044,811
Unassigned (Deficit)	4,345,751		(135,734)	4,210,017
Total Fund Balance	\$5,077,878	\$950,898	\$395,579	\$6,424,355

**18. JOINTLY GOVERNED ORGANIZATIONS**

The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2012, the Career Center paid \$28,371 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**19. INSURANCE POOLS**

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**19. INSURANCE POOLS (Continued)**

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

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

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

**20. CONTINGENCIES**

**A. Grants**

The Career Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

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

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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>(Passed through Ohio Department of Education)</i>					
<b>Child Nutrition Cluster:</b>					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$16,114		\$16,114
Cash Assistance:					
School Breakfast Program	10.553	\$15,554		\$15,554	
National School Lunch Program	10.555	101,770		101,770	
Total National School Lunch Program		101,770	16,114	101,770	16,114
Total Child Nutrition Cluster		117,324	16,114	117,324	16,114
Total U.S. Department of Agriculture		117,324	16,114	117,324	16,114
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>(Direct Programs)</i>					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063	486,419		486,419	
Federal Direct Student Loans	84.268	439,349		439,349	
Total Student Financial Assistance Cluster		925,768		925,768	
<i>(Passed through Ohio Board of Regents)</i>					
Adult Education State Grant Program	84.002	37,927		37,927	
<i>(Passed through Ohio Department of Education)</i>					
Team Nutrition	10.574	1,375		1,375	
Vocational Education Basic Grants to States	84.048	127,682		127,682	
Vocational Education Basic Grants to States - Adult		213,386		213,386	
Total Vocational Education Basic Grants to States		341,068		341,068	
Improving Teacher Quality State Grants	84.367	3,917		3,917	
Total U.S. Department of Education		346,360		346,360	
Total Federal Assistance		<u>\$1,427,379</u>	<u>\$16,114</u>	<u>\$1,427,379</u>	<u>\$16,114</u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Apollo Career Center's (the Center) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting. Receipts are recognized when received rather than when earned, and expenditures are recorded when paid rather than when the obligation is incurred.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - FOOD DONATION PROGRAM**

Program regulations do not require the Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance is reported in the Schedule at the entitlement value of the commodities received and consumed. The entitlement value reported in the Schedule is determined using the Commodity Allocation Tracking System (CATS). At June 30, 2012, the Center had no significant food commodities inventory.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the Center contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.



# Dave Yost • Auditor of State

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

Apollo Career Center  
Allen County  
3325 Shawnee Road  
Lima, Ohio 45806

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County (the Career Center), as of and for the fiscal year ended June 30, 2012, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated March 8, 2013, wherein we noted the Career Center restated the June 30, 2011 Net Assets due to change in the recording of severance payments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

March 8, 2013



# Dave Yost • Auditor of State

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

Apollo Career Center  
Allen County  
3325 Shawnee Road  
Lima, Ohio 45806

To the Board of Education:

### Compliance

We have audited the compliance of Apollo Career Center (the Career Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Career Center's major federal programs for the fiscal year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Career Center's major federal programs. The Career Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Career Center's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Career Center's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with these requirements.

In our opinion, the Apollo Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2012.

### Internal Control Over Compliance

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

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**Internal Control Over Compliance  
(Continued)**

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

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Career Center's management in a separate letter dated March 8, 2013.

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



**Dave Yost**  
Auditor of State

March 8, 2013

**APOLLO CAREER CENTER  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster – CFDA #10.553 and CFDA #10.555  Student Financial Assistance Cluster – CFDA #84.063 and #84.268
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

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# Dave Yost • Auditor of State

APOLLO CAREER CENTER

ALLEN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
APRIL 4, 2013