

**FOUR COUNTY
CAREER CENTER
HENRY COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2012**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Education
Four County Career Center
22900 State Route 34
Archbold, Ohio 43502

We have reviewed the *Independent Auditor's Report* of the Four County Career Center, Henry County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 10, 2013

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**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet - Governmental Funds	11
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	15
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Adult Education Fund	16
Statement of Fiduciary Net Assets - Fiduciary Fund	17
Notes to the Basic Financial Statements	18-43
Schedule of Expenditures of Federal Awards	44
Notes to the Supplemental Schedule of Expenditures of Federal Awards	45
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46-47
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	48-49
Schedule of Findings and Questioned Costs	50
Schedule of Prior Audit Findings and Recommendations	51

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JAMES G. ZUPKA, C.P.A., INC.

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Four County Career Center
Archbold, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2012, on our consideration of the Four County Career Center, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the 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 assurance.

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


James G. Zupka, CPA, Inc.
Certified Public Accountants

November 7, 2012

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of the Four County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

In total, net assets of governmental activities decreased \$1,355,019.

General revenues accounted for \$12,496,599 in revenue or 73 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,681,225 or 27 percent of total revenues of \$17,177,824.

The Career Center had \$18,532,843 in expenses related to governmental activities; \$4,681,225 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,496,599 along with the carryover balance were adequate to provide for these programs.

The Career Center has three major governmental funds: the General Fund, the Adult Education Fund, and the Front Entrance Capital Project Fund. The General Fund had \$14,620,629 in revenues and other financing sources and \$16,101,709 in expenditures and other financing uses. During fiscal 2012, the General Fund's balance decreased \$1,481,080 from \$7,573,882 to \$6,092,802. The Adult Education Fund had \$1,208,273 in revenues and \$1,064,759 in expenditures. During fiscal 2012, the Adult Education Fund's balance increased \$143,514 from \$293,852 to \$437,366. The Front Entrance Capital Project Fund had \$828 in revenue and \$0 in expenditures. During fiscal 2012, the Front Entrance Capital Project Fund's balance increased \$828 from \$2,350,473 to \$2,351,301.

Using the Basic Financial Statements

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

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

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Reporting the Career Center as a Whole

Statement of Net Assets and Statement of Activities

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

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

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

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

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

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

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

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

The Career Center as a Whole

Table 1 provides a summary of the Career Center's net assets for fiscal year 2012 compared to fiscal year 2011. The Career Center's increase in liabilities is due to the \$1.1 million tax anticipation note and the increase in instruction wages and benefits.

**Table 1
Net Assets
Governmental Activities**

	2012	2011
Assets:		
Current and Other Assets	\$17,915,147	\$17,060,383
Capital Assets, Net	8,638,149	8,822,737
Total Assets	<u>26,553,296</u>	<u>25,883,120</u>
Liabilities:		
Current and Other Liabilities	7,551,958	6,449,218
Long-Term Liabilities	2,254,325	1,331,870
Total Liabilities	<u>9,806,283</u>	<u>7,781,088</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	7,518,533	8,721,575
Restricted	4,182,702	2,945,893
Unrestricted	5,045,778	6,434,564
Total	<u>\$16,747,013</u>	<u>\$18,102,032</u>

Table 2 reflects the changes in net assets for fiscal year 2012 compared to fiscal year 2011. The increase in expenses was attributed to increased instruction expenses.

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

	2012	2011
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,722,841	\$1,401,869
Operating Grants, Contributions and Interest	2,958,384	2,970,534
Total Program Revenues	<u>4,681,225</u>	<u>4,372,403</u>
General Revenues:		
Property Taxes	5,592,890	5,315,790
Grants and Entitlements	6,746,401	7,124,893
Investment Earnings	41,848	77,786
Gifts and Donations	100,732	114,687
Miscellaneous	11,518	2,496
Gain from Sale of Capital Assets	3,210	7,265
Total General Revenues	<u>12,496,599</u>	<u>12,642,917</u>
Total Revenues	<u>17,177,824</u>	<u>17,015,320</u>

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

	<u>2012</u>	<u>2011</u>
<u>Expenses:</u>		
Instruction	11,473,741	10,600,566
Support Services:		
Pupils	1,666,711	1,564,077
Instructional Staff	526,684	605,410
Board of Education	80,008	49,905
Administration	1,414,222	1,357,398
Fiscal	512,746	499,916
Business	83,885	63,623
Operation and Maintenance of Plant	1,692,938	2,071,221
Pupil Transportation	30,813	28,158
Central	426,819	481,357
Non-Instructional Services	523,848	527,346
Extracurricular Activities	100,428	74,191
Total Expenses	<u>18,532,843</u>	<u>17,923,168</u>
Increase/(Decrease) in Net Assets	<u>(\$1,355,019)</u>	<u>(\$907,848)</u>

Governmental Activities

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

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Instruction	\$11,473,741	\$7,362,545	\$10,600,566	\$6,832,170
Support Services:				
Pupils	1,666,711	1,632,932	1,564,077	1,530,409
Instructional Staff	526,684	492,510	605,410	567,304
Board of Education	80,008	80,008	49,905	49,905
Administration	1,414,222	1,411,570	1,357,398	1,355,209
Fiscal	512,746	512,746	499,916	499,916
Business	83,885	83,885	63,623	63,623
Operation and Maintenance of Plant	1,692,938	1,692,938	2,071,221	2,071,221
Pupil Transportation	30,813	30,813	28,158	28,158
Central	426,819	317,808	481,357	340,429
Non-Instructional Services	523,848	133,435	527,346	138,230
Extracurricular Activities	100,428	100,428	74,191	74,191
Total Expenses	<u>\$18,532,843</u>	<u>\$13,851,618</u>	<u>\$17,923,168</u>	<u>\$13,550,765</u>

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. 64 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 75 percent. It is apparent that the communities, as a whole, are the primary support for the Career Center's students.

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$18,360,946 and expenditures of \$18,625,800. The net negative change of \$264,854 in fund balance for the year indicates that the Career Center had some difficulty in meeting current costs.

General Fund Budgeting Highlights

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

Final budgeted revenues, in the amount of \$14,273,429, were the same as the original budgeted revenues.

Final expenditures were budgeted at \$16,588,937 while actual expenditures were \$15,545,710. The \$1,043,227 difference is primarily due to a conservative "worst case scenario" approach. The Career Center over appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets

At the end of fiscal year 2012, the Career Center had \$8,638,149 invested in capital assets (net accumulated depreciation) for governmental activities.

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

Debt

At June 30, 2012, the Career Center had \$1,100,000 in permanent improvement tax anticipation notes for building improvements. The tax anticipation notes will be completely paid by 2023.

At June 30, 2012, the Career Center had \$19,616 in asbestos loans for building improvements. The asbestos loans will be completely paid by 2013.

At June 30, 2012, the Career Center's overall legal debt margin was \$265,876,124, with an un-voted debt margin of \$2,966,401.

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

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

**FOUR COUNTY CAREER CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Current Issues

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

Over the past several years, the Career Center has remained in a good financial position. In 1976 the Career Center passed a 1.40 continuous levy, in 1979 a .60 continuous levy and 1988 a 1.00 continuous levy and has not had to renew these levies. In 2001, a .20 permanent improvement levy was passed. These levies provide a continuous source of funds. The permanent improvement levy will expire in 2012. To replace this levy, the board placed an additional .20 mill permanent improvement levy on the ballot in March 2012 for a continuing period of time. This levy was approved and collection will begin in 2013. This will generate an additional \$194,000 per year.

During fiscal year 2010 the Career Center board established the Front Entrance Capital Projects Fund through a board resolution and transfer of funds from the General Fund. The dollars in this fund may be used for specific renovations and building additions. Unused funds can also be transferred back to the General Fund. The board is currently planning to finance the Front Entrance Project with the additional funds generated from the new permanent improvement levy and return the Capital Projects Funds back to the General Fund.

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

Contacting the Career Center's Financial Management

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF NET ASSETS
June 30, 2012**

		<u>Governmental Activities</u>
ASSETS		
Current Assets		
Equity in Pooled Cash and Cash Equivalents	\$	9,274,558
Investments		2,240,974
Materials and Supplies Inventory		210,979
Accrued Interest Receivable		5,295
Accounts Receivable		61,888
Intergovernmental Receivable		3,603
Prepaid Items		17,503
Taxes Receivable		6,100,347
Noncurrent Assets		
Non-Depreciable Capital Assets		219,258
Depreciable Capital Assets, net		8,418,891
Total Assets		<u>26,553,296</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		31,566
Accrued Wages and Benefits		1,687,335
Contracts Payable		107,167
Intergovernmental Payable		29,330
Matured Compensated Absences Payable		303,519
Deferred Revenue		5,393,041
Long-Term Liabilities:		
Due Within One Year		19,616
Due in More Than One Year		2,234,709
Total Liabilities		<u>9,806,283</u>
Invested in Capital Assets, Net of Related Debt		7,518,533
Restricted for Capital Outlay		3,581,322
Restricted for Other Purposes		601,380
Unrestricted		5,045,778
Total Net Assets	\$	<u>16,747,013</u>

See Accompanying Notes to the Basic Financial Statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
Instruction:			
Regular	\$ 16,343	\$ -	\$ (16,343)
Special	3,024	-	2,023
Vocational	10,223,288	626,759	2,271,278
Adult/Continuing	1,231,086	898,712	312,424
Support Services:			
Pupils	1,666,711	-	33,779
Instructional Staff	526,684	-	34,174
Board of Education	80,008	-	-
Administration	1,414,222	-	2,652
Fiscal	512,746	-	-
Business	83,885	-	-
Operation and Maintenance of Plant	1,692,938	-	-
Pupil Transportation	30,813	-	-
Central	426,819	-	109,011
Operation of Non-Instructional Services	523,848	197,370	193,043
Extracurricular Activities	100,428	-	-
Totals	\$ 18,532,843	\$ 1,722,841	\$ 2,958,384
General Revenues			
Taxes			
Property Taxes, Levied for General Purposes			5,303,241
Property Taxes, Levied for Capital Outlay			289,649
Grants and Entitlements not Restricted to Specific Programs			6,746,401
Gifts and Donations			100,732
Investment Earnings			41,848
Miscellaneous			11,518
Proceeds from Sale of Capital Assets			3,210
Total General Revenues			12,496,599
Change in Net Assets			(1,355,019)
Net Assets Beginning of Year			18,102,032
Net Assets End of Year			\$ 16,747,013

See Accompanying Notes to the Basic Financial Statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	<u>General Fund</u>	<u>Adult Education</u>	<u>Front Entrance Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 4,331,370	\$ 423,654	\$ 2,351,301	\$ 1,443,233	\$ 8,549,558
Investments	2,240,974	-	-	-	2,240,974
Materials and Supplies Inventory	199,851	7,030	-	4,098	210,979
Accrued Interest Receivable	5,295	-	-	-	5,295
Accounts Receivable	920	60,740	-	228	61,888
Interfund Receivable	3,603	-	-	-	3,603
Intergovernmental Receivable	-	3,153	-	450	3,603
Prepaid Items	17,228	134	-	141	17,503
Taxes Receivable	5,665,300	-	-	435,047	6,100,347
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	725,000	-	-	-	725,000
Total Assets	<u>\$ 13,189,541</u>	<u>\$ 494,711</u>	<u>\$ 2,351,301</u>	<u>\$ 1,883,197</u>	<u>\$ 17,918,750</u>
LIABILITIES:					
Accounts Payable	\$ 10,045	\$ 4,406	\$ -	\$ 17,115	\$ 31,566
Accrued Wages and Benefits	1,627,099	32,623	-	27,613	1,687,335
Contracts Payable	-	-	-	107,167	107,167
Interfund Payable	-	3,153	-	450	3,603
Intergovernmental Payable	13,232	2,246	-	13,852	29,330
Matured Compensated Absences Payable	287,177	14,917	-	1,425	303,519
Deferred Revenue	5,159,186	-	-	408,380	5,567,566
Total Liabilities	<u>7,096,739</u>	<u>57,345</u>	<u>-</u>	<u>576,002</u>	<u>7,730,086</u>
FUND BALANCES:					
Nonspendable	217,079	7,164	-	4,239	228,482
Restricted	-	430,202	2,351,301	1,326,521	4,108,024
Assigned	2,075,661	-	-	-	2,075,661
Unassigned	3,800,062	-	-	(23,565)	3,776,497
Total Fund Balances	<u>6,092,802</u>	<u>437,366</u>	<u>2,351,301</u>	<u>1,307,195</u>	<u>10,188,664</u>
Total Liabilities and Fund Balances	<u>\$ 13,189,541</u>	<u>\$ 494,711</u>	<u>\$ 2,351,301</u>	<u>\$ 1,883,197</u>	<u>\$ 17,918,750</u>

See Accompanying Notes to the Basic Financial Statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2012**

Total Governmental Fund Balances	\$	10,188,664
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		8,638,149
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Deferred Revenue	174,525	174,525
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Compensated Absences	(1,134,709)	
Notes Payable	(1,119,616)	
Net Assets of Governmental Activities	\$	16,747,013

See Accompanying Notes to the Basic Financial Statements

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

	<u>General Fund</u>	<u>Adult Education</u>	<u>Front Entrance Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property and Other Local Taxes	\$ 5,278,941	\$ -	\$ -	\$ 289,020	\$ 5,567,961
Intergovernmental	8,684,329	309,561	-	718,946	9,712,836
Interest	40,004	-	-	15	40,019
Increase in Fair Value of Investments	1,829	-	-	-	1,829
Tuition and Fees	450,315	894,969	-	-	1,345,284
Rent	9,216	-	-	-	9,216
Gifts and Donations	98,132	-	-	2,600	100,732
Customer Sales and Services	48,279	3,743	-	316,319	368,341
Miscellaneous	6,374	-	828	4,316	11,518
Total Revenues	<u>14,617,419</u>	<u>1,208,273</u>	<u>828</u>	<u>1,331,216</u>	<u>17,157,736</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	35,749	-	-	-	35,749
Special	13	-	-	3,011	3,024
Vocational	9,930,240	-	-	377,715	10,307,955
Adult/Continuing	204,762	1,019,505	-	7,734	1,232,001
Support Services:					
Pupils	1,573,799	-	-	33,779	1,607,578
Instructional Staff	492,262	21,372	-	36,366	550,000
Board of Education	79,194	-	-	-	79,194
Administration	1,426,386	7,200	-	2,652	1,436,238
Fiscal	503,778	-	-	8,105	511,883
Business	82,132	-	-	-	82,132
Operation and Maintenance of Plant	1,244,807	-	-	170,314	1,415,121
Pupil Transportation	25,683	-	-	-	25,683
Central	300,347	16,182	-	110,290	426,819
Operation of Non-Instructional Services	2,129	500	-	497,153	499,782
Extracurricular Activities	100,428	-	-	-	100,428
Capital Outlay	-	-	-	130,667	130,667
Debt Service:					
Principal	-	-	-	81,546	81,546
Total Expenditures	<u>16,001,709</u>	<u>1,064,759</u>	<u>-</u>	<u>1,459,332</u>	<u>18,525,800</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,384,290)</u>	<u>143,514</u>	<u>828</u>	<u>(128,116)</u>	<u>(1,368,064)</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In	-	-	-	100,000	100,000
Long-term Tax Anticipation Notes Issued	-	-	-	1,100,000	1,100,000
Proceeds from Sale of Capital Assets	3,210	-	-	-	3,210
Transfers Out	(100,000)	-	-	-	(100,000)
Total Other Financing Sources and Uses	<u>(96,790)</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>1,103,210</u>
Net Change in Fund Balances	<u>(1,481,080)</u>	<u>143,514</u>	<u>828</u>	<u>1,071,884</u>	<u>(264,854)</u>
Fund Balance at Beginning of Year	<u>7,573,882</u>	<u>293,852</u>	<u>2,350,473</u>	<u>235,311</u>	<u>10,453,518</u>
Fund Balance at End of Year	<u>\$ 6,092,802</u>	<u>\$ 437,366</u>	<u>\$ 2,351,301</u>	<u>\$ 1,307,195</u>	<u>\$ 10,188,664</u>

See Accompanying Notes to the Basic Financial Statements

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

Net Change in Fund Balances - Total Governmental Funds \$ (264,854)

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

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

Capital Outlay - Depreciable Capital Assets	352,827	
Depreciation	<u>(537,415)</u>	
		(184,588)

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

Delinquent Taxes	24,929	
Intergovernmental	<u>(8,051)</u>	
		16,878

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

81,546

Proceeds received on Tax Anticipation Notes (1,100,000)

Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences Payable	<u>95,999</u>	
		<u>95,999</u>

Change in Net Assets of Governmental Activities \$ (1,355,019)

See Accompanying Notes to the Basic Financial Statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
SCHEDULE 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>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 4,954,861	\$ 4,954,861	\$ 5,210,016	\$ 255,155
Intergovernmental	8,652,318	8,652,318	8,684,329	32,011
Interest	75,000	75,000	51,457	(23,543)
Tuition and Fees	334,000	334,000	322,915	(11,085)
Rent	10,000	10,000	9,216	(784)
Gifts and Donations	125,750	125,750	98,132	(27,618)
Customer Sales and Services	42,000	42,000	45,720	3,720
Miscellaneous	1,000	1,000	753	(247)
Total Revenues	<u>14,194,929</u>	<u>14,194,929</u>	<u>14,422,538</u>	<u>227,609</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	49,930	49,930	40,874	9,056
Vocational	9,873,634	9,873,634	9,432,032	441,602
Adult/Continuing	204,590	204,590	203,093	1,497
Support Services:				
Pupils	1,586,978	1,586,978	1,516,215	70,763
Instructional Staff	519,135	519,135	498,648	20,487
Board of Education	102,172	102,172	84,462	17,710
Administration	1,435,809	1,435,809	1,392,832	42,977
Fiscal	519,552	519,552	504,942	14,610
Business	126,029	126,029	66,986	59,043
Operation and Maintenance of Plant	1,300,091	1,300,091	1,269,593	30,498
Pupil Transportation	30,310	30,310	26,403	3,907
Central	310,329	310,329	303,984	6,345
Operation of Non-Instructional Services	2,200	2,200	2,129	71
Extracurricular Activities	100,178	100,178	98,518	1,660
Total Expenditures	<u>16,160,937</u>	<u>16,160,937</u>	<u>15,440,711</u>	<u>720,226</u>
Excess of Revenues Over (Under) Expenditures	(1,966,008)	(1,966,008)	(1,018,173)	947,835
OTHER FINANCING SOURCES AND USES:				
Advances In	64,500	64,500	64,500	-
Proceeds from Sale of Capital Assets	10,000	10,000	3,210	(6,790)
Refund of Prior Year Expenditures	4,000	4,000	5,348	1,348
Transfers Out	(100,000)	(100,000)	(100,000)	-
Advances Out	(250,000)	(250,000)	(3,603)	246,397
Refund of Prior Year Receipts	(3,000)	(3,000)	(1,396)	1,604
Other Financing Uses	(75,000)	(75,000)	-	75,000
Total Other Financing Sources and Uses	<u>(349,500)</u>	<u>(349,500)</u>	<u>(31,941)</u>	<u>317,559</u>
Net Change in Fund Balances	(2,315,508)	(2,315,508)	(1,050,114)	1,265,394
Fund Balance at Beginning of Year	8,195,491	8,195,491	8,195,491	-
Prior Year Encumbrances Appropriated	82,675	82,675	82,675	-
Fund Balance at End of Year	<u>\$ 5,962,658</u>	<u>\$ 5,962,658</u>	<u>\$ 7,228,052</u>	<u>\$ 1,265,394</u>

See Accompanying Notes to the Basic Financial Statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 368,893	\$ 368,893	\$ 364,701	\$ (4,192)
Tuition and Fees	794,000	794,000	884,510	90,510
Customer Sales and Services	2,200	2,200	3,743	1,543
Total Revenues	<u>1,165,093</u>	<u>1,165,093</u>	<u>1,252,954</u>	<u>87,861</u>
EXPENDITURES:				
Current:				
Instruction:				
Adult/Continuing	1,092,610	1,109,700	1,026,634	83,066
Support Services:				
Instructional Staff	22,840	21,319	21,319	-
Administration	7,200	7,200	7,200	-
Central	47,550	47,550	35,132	12,418
Operation of Non-Instructional Services:	500	500	500	-
Total Expenditures	<u>1,170,700</u>	<u>1,186,269</u>	<u>1,090,785</u>	<u>95,484</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,607)</u>	<u>(21,176)</u>	<u>162,169</u>	<u>183,345</u>
OTHER FINANCING SOURCES AND USES:				
Advances In	-	-	3,153	3,153
Refund of Prior Year Expenditures	100	100	-	(100)
Advances Out	(64,000)	(64,000)	(64,000)	-
Refund of Prior Year Receipts	-	(5,000)	(4,098)	902
Total Other Financing Sources and Uses	<u>(63,900)</u>	<u>(68,900)</u>	<u>(64,945)</u>	<u>3,955</u>
Net Change in Fund Balances	(69,507)	(90,076)	97,224	187,300
Fund Balance (Deficit) at Beginning of Year	263,782	263,782	263,782	-
Prior Year Encumbrances Appropriated	29,452	29,452	29,452	-
Fund Balance (Deficit) at End of Year	<u>\$ 223,727</u>	<u>\$ 203,158</u>	<u>\$ 390,458</u>	<u>\$ 187,300</u>

See Accompanying Notes to the Basic Financial Statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2012**

	<u>Agency Fund</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>10,879</u>
Total Assets	<u><u>10,879</u></u>
LIABILITIES:	
Current Liabilities:	
Due to Students	10,879
Total Liabilities	\$ <u><u>10,879</u></u>

See Accompanying Notes to the Basic Financial Statements

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

1. Description of the Career Center and Reporting Entity

Four County Career Center (the Career Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. Effective July 1, 1999 the Career Center changed its name from Four County Joint Vocational School District to Four County Career Center, An Ohio Vocational School District. The Career Center was established in 1966, with classes beginning in September 1969, and serves 22 districts located in Defiance, Fulton, Henry and Williams counties. The Career Center is operated under a board of education consisting of eleven members. The vocational Career Center provides job training for residents of participating districts. Currently, Four County Career Center provides thirty-one courses of instruction in such varied fields as chef training, electronics, health careers and cosmetology. The average daily membership for fiscal year 2012 was 1,050. The Career Center employed 12 administrators and supervising personnel, 106 certified and 49 non-certified employees.

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

Reporting Entity

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

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

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

1. Description of the Career Center and Reporting Entity (Continued)

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

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

2. Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

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

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

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

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

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

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

C. Measurement Focus

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

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

D. Basis of Accounting

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

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

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

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Property taxes (other than delinquent amounts) for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Investments

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

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

During fiscal year 2012, the Career Center invested in nonnegotiable certificates of deposit, federal agency securities and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 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 amounted to \$40,004.

F. 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 which services are consumed.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

G. Inventory

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

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

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

I. Capital Assets

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

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

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

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

J. Interfund Balances

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

N. Fund Balance

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

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

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

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

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

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

O. Interfund Transactions

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

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

P. Estimates

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Career Center and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

3. Budgetary Basis of Accounting

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

3. Budgetary Basis of Accounting (Continued)

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

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

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

Net Change in Fund Balance Major Governmental Funds		
	General	Adult Education
GAAP Basis	(\$1,481,080)	\$143,514
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2011, Received In Cash FY 2012	458,131	108,574
Accrued FY 2012, Not Yet Received in Cash	(520,475)	(67,991)
Expenditure Accruals:		
Accrued FY 2011, Paid in Cash FY 2012	(1,227,918)	(43,956)
Accrued FY 2012, Not Yet Paid in Cash	1,727,218	51,126
Eliminate School Supply Fund	16,625	-
Advances Net	60,897	(60,847)
Encumbrances Outstanding at Year End (Budget Basis)	(83,512)	(33,196)
Budget Basis	(\$1,050,114)	\$97,224

4. Deposits and Investments

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

4. Deposits and Investments (Continued)

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

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

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

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

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

At year end, the Career Center had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

4. Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,880,287 of the Career Center's bank balance of \$9,387,561 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Career Center's name.

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

Investments

As of June 30, 2012, the District had the following investments:

Investment Type	Fair Value	Maturing in Less than One year	Maturing in One to Two Years	Maturing in Two to Three Years
Federal Farm Credit Bank Bonds	\$300,093	\$-	\$300,093	\$-
Federal Home Loan Bank Notes	300,084	300,084	-	-
Federal Home Loan Mortgage Notes	302,142	-	-	\$302,142
STAR Ohio	1,338,655	1,338,655	-	-
Total Investments	\$2,240,974	\$1,638,739	\$300,093	\$302,142

Interest Rate Risk - The Career Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk - The Federal Home Loan Mortgage Credit Notes, Federal National Mortgage Association Notes, and Federal Home Loan Bank Notes carry a rating of AAA by Moody's and AA+ by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Career Center has no investment policy that would further limit its investment choices.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

4. Deposits and Investments (Continued)

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Farm Credit Bank Bonds, Federal Home Loan Mortgage Credit Notes and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The Career Center's investment in the Federal Farm Credit Bonds, Federal Home Loan Bank Notes, and the Federal Home Loan Mortgage Notes represent 13 percent, 13 percent, and 13 percent, respectively, of the District's total investments.

5. Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the Career Center. Real and public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes for 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 real and tangible personal property taxes for 2012 were levied after April 1, 2012, on the assessed values as of December 31, 2011, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The Career Center receives property taxes from Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

5. Property Taxes (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2012 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amounts available as an advance at June 30, 2012, were \$506,114 in the General Fund and \$26,667 in the Permanent Improvement Fund. The amounts available as an advance at June 30, 2011, were \$437,189 in the General Fund and \$23,165 in the Permanent Improvement Fund.

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

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$2,191,302,580	79%	\$2,377,940,290	80%
Industrial/Commercial	457,703,790	17%	446,372,170	15%
Public Utility	130,232,210	4%	142,088,920	5%
Total Assessed Value	<u>\$2,779,238,580</u>	<u>100%</u>	<u>\$2,966,401,380</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

6. Receivables

Receivables at June 30, 2012, consisted of accounts (billings for user charged services, tuition and fees), intergovernmental grants and taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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

	Amount
Governmental Activities	
Accounts Receivable	\$61,888
Accrued Interest Receivable	5,295
Intergovernmental Receivable	3,603
Taxes Receivable	6,100,347
Total Receivables	<u>\$6,171,133</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

7. Capital Assets

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

	<u>Balance at 6/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/12</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$219,258	\$-	\$-	\$219,258
Total Nondepreciable Capital Assets	219,258	-	-	219,258
Depreciable Capital Assets				
Land Improvements	435,447	-	-	435,447
Buildings and Building Improvements	22,531,127	157,941	-	22,689,068
Furniture, Fixtures, and Equipment	3,018,986	148,977	30,950	3,137,013
Vehicles	621,954	45,909	15,565	652,298
Total Depreciable Capital Assets	26,607,514	352,827	46,515	26,913,826
Less Accumulated Depreciation				
Land Improvements	222,612	26,552	-	249,164
Buildings and Building Improvements	15,251,939	297,839	-	15,549,778
Furniture, Fixtures, and Equipment	2,123,528	167,502	30,950	2,260,080
Vehicles	405,956	45,522	15,565	435,913
Total Accumulated Depreciation	18,004,035	537,415	46,515	18,494,935
Depreciable Capital Assets, Net	8,603,479	(184,588)	-	8,418,891
Governmental Activities Capital Assets, Net	<u>\$8,822,737</u>	<u>(\$184,588)</u>	<u>\$-</u>	<u>\$8,638,149</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$8,335
Vocational	251,263
Support Services:	
Adult/Continuing	1,237
Pupil	47,647
Instructional Staff	6,590
Board of Education	814
Administration	5,664
Fiscal	1,333
Business	1,108
Operation and Maintenance of Plant	155,357
Transportation	5,130
Non-Instruction	28,901
Capital Outlay	24,036
Total Depreciation Expense	<u>\$537,415</u>

8. Interfund Transactions

On the fund financial statements, the General Fund had receivables of \$3,603. The General Fund receivable consists of \$3,153 payable from the Adult Basic Education Fund and \$450 payable from the non-major governmental fund. These interfund loans were made to provide operating capital.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

8. Interfund Transactions (Continued)

Interfund transfers for the year ended June 30, 2012 consisted of transfers from the General Fund of \$100,000 to non-major governmental funds.

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

9. Risk Management

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the Career Center contracted Argonaut Insurance Company; Governmental Underwriter of America is the Agent. The following insurance coverage was provided during the year:

<u>Coverage as of June 30, 2012:</u>	<u>Amounts</u>
General Liability:	
Bodily Injury/Property Damage	\$6,000,000
Personal Injury	6,000,000
Products/Completed Operations	6,000,000
General Annual Aggregate	8,000,000
Fire Legal Liability	500,000
Errors or Omissions Cover:	
Per Occurrence (\$2,500 deductible)	6,000,000
Per Aggregate (\$2,500 deductible)	6,000,000
Property and Crime:	
Property (incl. Inland Marine, misc. equipment) (\$1,000 deductible)	44,289,547
Employee Dishonesty/Faithful Performance of Duty (\$250 deductible)	50,000
Forgery/Alteration (\$250 deductible)	50,000
Computer Fraud (\$250 deductible)	50,000
Theft, Disappearance, Destruction (\$250 deductible)	50,000
Commercial Auto:	
Owned/Leased Vehicles	6,000,000
Medical Payments (occ/agg)	5,000/25,000
Uninsured Motorist	1,000,000
Physical Damage (\$500 deductible)	Actual Value

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

9. Risk Management (Continued)

Effective January 1, 2012, the Employee Insurance Benefits Consortium was removed from Northern Buckeye Education Council (NBEC) and merged with Optimal Health Initiative Consortium (OHI). The new name of our local insurance group consortium is Northern Buckeye Health Plan, Northwest Division of OHI. Northern Buckeye Education Council no longer acts as fiscal agent for the insurance consortium

Effective January 1, 2012, the Career Center participated in the Northern Buckeye Health Plan Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The intent of the Program 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 Program. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program.

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

10. Defined Benefit Pension Plans

A. State Teachers Retirement System

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

10. Defined Benefit Pension Plans (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined plan.

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

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

For the fiscal year ended June 30, 2012, plan members are required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2012 and 2011, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2012, 2011, and 2010 were \$1,190,101, \$1,183,747, and \$1,132,387, respectively. The full amount has been contributed for fiscal years 2012, 2011, and 2010.

B. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System of Ohio (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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website www.ohsers.org under Employers/Audit Resources.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

10. Defined Benefit Pension Plans (Continued)

Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

The Career Center's contributions to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$323,128, \$304,806, and \$300,369, respectively, which equaled to the required contributions each year.

C. Social Security System

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

11. Postemployment Benefits

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2012, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The contributions for the fiscal years ended June 30, 2012, 2011, and 2010 were \$98,114, \$84,554, and \$78,855.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2011, the balance in the Fund was \$2.97 billion. For the fiscal year ended June 30, 2011, net health care costs paid by STRS Ohio were \$222,130,000 and STRS Ohio had 138,088 eligible benefit recipients.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

11. Postemployment Benefits (Continued)

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75%. The Career Center's contributions for the year ended June 30, 2012, 2011, and 2010 were \$17,310, \$16,547, and \$16,091, respectively, equal to the required contributions each year.

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits; the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2012, the health care allocation was .55%. An additional surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center contributions assigned to health care for the years ended June 30, 2012, 2011 and 2010 were \$12,694, \$58,636 and \$116,873, respectively.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org Employers/Audit Resources.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

12. Employee Benefits

A. Compensated Absences

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

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

At June 30, 2012 the current amount of unpaid compensated absences in all funds was \$303,519. The long-term amount of unpaid compensated absences in all funds was \$1,134,709.

B. Retirement Incentive Plan

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

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

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

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

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

12. Employee Benefits (Continued)

- a. Eligible for disability retirement.
- b. Terminated or non-renewed prior to the plan year.
- c. Failure to submit a written letter of resignation.
- d. Failure to actually retire.
- e. Currently retired and/or receiving a retirement benefit from STRS/SERS.

Application Due Date	Retirement Date Prior to
March 1, 2012	August 31, 2012
March 1, 2013	August 31, 2013

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

C. Health Care Benefits

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

13. Long-Term Obligations

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

	Balance at 6/30/11	Additions	Reductions	Balance at 6/30/12	Amounts Due Within One Year
Governmental Activities:					
Asbestos Loans	\$101,162	\$-	\$81,546	\$19,616	\$19,616
Permanent Improvement Tax Anticipation Notes	-	1,100,000	-	1,100,000	-
Compensated Absences	1,230,708	-	95,999	1,134,709	-
Total Governmental Activities	\$1,331,870	\$1,100,000	\$177,545	\$2,254,325	\$19,616

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

On June 20, 2012, the Career Center issued \$1,100,000 in voted Permanent Improvement Tax Anticipation Notes. The proceeds will fund various facility and site improvements of the Career Center. The notes were issued for a ten year period with final maturity on December 1, 2022. The notes are being paid from the Permanent Improvement Fund, which is classified as a Capital Project Fund Type.

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

Total expenditures for interest for the above debt for the period ended June 30, 2012 was \$0.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

13. Long-Term Obligations (Continued)

Principal and interest requirements to retire the Permanent Improvement Tax Anticipation Notes and Asbestos loans outstanding at June 30, 2012 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$19,616	\$24,902	\$44,518
2014	90,000	25,214	115,214
2015	100,000	22,944	122,944
2016	105,000	20,494	125,494
2017	105,000	17,985	122,985
2018-2022	575,000	50,011	625,011
2023	125,000	1,494	126,494
Total	<u>\$1,119,616</u>	<u>\$163,044</u>	<u>\$1,282,660</u>

14. Set-Asides

The District 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. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. A similar provision related to the purchase of textbooks and other instructional materials was repealed effective July 1, 2011.

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

	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Balance as of June 30, 2011	\$-	\$725,000
Current Year Set-aside Requirement	169,623	-
Qualifying Expenditures	(217,830)	-
Total	<u>(48,207)</u>	<u>725,000</u>
Balance Carried Forward to FY 2013	<u>\$-</u>	<u>\$725,000</u>

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

15. Jointly Governed Organizations

A. Northwest Ohio Computer Association

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

15. Jointly Governed Organizations (Continued)

NWOCA is governed by the Northern Buckeye Education Council as described below. Total disbursements made by the Career Center to NWOCA during this fiscal year were \$130,313. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams and Wood counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. An elected board consisting of two representatives from each of the six counties in which the member's educational entities are located governs NBEC. The board is elected from an assembly consisting of a representative from each participating educational entity. The degree of control exercised by any participating educational entity is limited to its representation on the Board. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

C. Cisco Academy of Northwest Ohio

The Cisco Academy of Northwest Ohio (the Academy) was established July 1, 1998 to foster cooperation toward joint training and other joint activities of mutual interest among certain educational entities located in Northwest Ohio. The Academy is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by representatives of the member educational entities. The Academy is governed by a management council consisting of a representative appointed from each participating member educational entity. Total disbursements made by the Career Center to the Academy during this fiscal year were \$0. Financial information can be obtained from the Northern Buckeye Educational Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

16. Group Purchasing Pools

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

Effective January 1, 2012, the Employee Insurance Benefits Consortium was removed from Northern Buckeye Education Council (NBEC) and merged with Optimal Health Initiative Consortium (OHI). The new name of the District's local insurance group consortium is Northern Buckeye Health Plan, Northwest Division of OHI. Northern Buckeye Education Council no longer acts as fiscal agent for the insurance consortium.

For the period July 1, 2011 to December 31, 2011, the Career Center contributed a total of \$770,137 to Northern Buckeye Education Council for all employee insurance plans. Financial information for the period July 1, 2011 through December 31, 2011 can be obtained from Robin Pfund, Treasurer, at 209 Nolan Parkway, Archbold, OH 43502.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

16. Group Purchasing Pools (Continued)

For the period January 1, 2012 through December 31, 2012, the Career Center contributed a total of \$828,415 to Northern Buckeye Health Plan, Northwest Division of OHI for all employee insurance plans. Financial information for the period January 1, 2012 through June 30, 2012 can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, OH 45242.

B. NBEC Workers' Compensation Group Rating Plan

The Career Center participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program. The Career Center paid \$1,827 in enrollment fees for fiscal year 2012.

17. Contingencies

A. Grants

The Career Center receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

B. Litigation

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

C. School/Community School Contingency

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

18. Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Adult Education</u>	<u>Front Entrance</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Nonspendable for:					
Prepaid Items	\$ 17,228	\$ 134	\$ -	\$ 141	\$ 17,503
Materials and Supplies	199,851	7,030	-	4,098	210,979
Total Nonspendable	<u>217,079</u>	<u>7,164</u>	<u>-</u>	<u>4,239</u>	<u>228,482</u>
Restricted for:					
Vocational Instruction	-	-	-	102,146	102,146
Adult Education	-	430,202	-	1,550	431,752
Permanent Improvement	-	-	-	1,222,825	1,222,825
Building Construction	-	-	2,351,301	-	2,351,301
Total Restricted	<u>-</u>	<u>430,202</u>	<u>2,351,301</u>	<u>1,326,521</u>	<u>4,108,024</u>
Assigned for:					
FY 2013 Appropriations	1,993,454	-	-	-	1,993,454
Encumbrances	82,207	-	-	-	82,207
Total Assigned	<u>2,075,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,661</u>
Unassigned	3,800,062	-	-	(23,565)	3,776,497
Total Fund Balance	<u>\$ 6,092,802</u>	<u>\$ 437,366</u>	<u>\$ 2,351,301</u>	<u>\$ 1,307,195</u>	<u>\$ 10,188,664</u>

19. Accountability

At June 30, 2012, the Food Service, ATI Tech Prep, and Perkin Grant special revenue funds had deficit fund balances of \$16,120, \$146, and \$3,060. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>					
<u>Passed through Ohio Department of Education</u>					
<i>Child Nutrition Cluster:</i>					
National School Breakfast Program	10.553	\$ 31,033	\$ 0	\$ 31,033	\$ 0
National School Lunch Program	10.555	<u>158,439</u>	<u>14,542</u>	<u>158,439</u>	<u>12,952</u>
<i>Total Child Nutrition Cluster</i>		<u>189,472</u>	<u>14,542</u>	<u>189,472</u>	<u>12,952</u>
Total U.S. Department of Agriculture		<u>189,472</u>	<u>14,542</u>	<u>189,472</u>	<u>12,952</u>
<u>U.S. Department of Education</u>					
<u>Direct Award</u>					
<i>Student Financial Assistance Cluster:</i>					
ARRA - Federal Pell Grant Program	84.063	<u>52,759</u>	<u>0</u>	<u>52,759</u>	<u>0</u>
<i>Total Student Financial Assistance Cluster</i>		<u>52,759</u>	<u>0</u>	<u>52,759</u>	<u>0</u>
<u>Passed Through Penta Career Center</u>					
Adult Education - State Grant Program	84.002	<u>160,765</u>	<u>0</u>	<u>117,193</u>	<u>0</u>
<u>Passed through Ohio Department of Education</u>					
Vocational Education Basic Grants to the State	84.048	<u>358,189</u>	<u>0</u>	<u>358,189</u>	<u>0</u>
Special Education Grant	84.027	<u>5,297</u>	<u>0</u>	<u>5,203</u>	<u>0</u>
Improving Teacher Quality	84.367	<u>4,053</u>	<u>0</u>	<u>4,053</u>	<u>0</u>
ARRA - Race to the Top	84.395	<u>600</u>	<u>0</u>	<u>1,050</u>	<u>0</u>
Total Passed through Ohio Department of Education		<u>368,139</u>	<u>0</u>	<u>368,495</u>	<u>0</u>
Total U.S. Department of Education		<u>581,663</u>	<u>0</u>	<u>538,447</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 771,135</u>	<u>\$ 14,542</u>	<u>\$ 727,919</u>	<u>\$ 12,952</u>

See accompanying notes to Supplemental Schedule of Expenditures of Federal Awards.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012**

NOTE 1: **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the Career Center's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2: **CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2012, the Career Center had \$1,590 of food commodities in inventory.

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

Board of Education
Four County Career Center
Archbold, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, Henry County, Ohio, an Ohio Joint Vocational School District (the Career Center), as of and for the year ended June 30, 2012, which collectively comprise the Four County Career Center, Ohio's basic financial statements and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Four County Career Center, Ohio, in a separate letter dated November 7, 2012.

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

November 7, 2012

JAMES G. ZUPKA, C.P.A., INC.

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

Board of Education
Four County Career Center
Archbold, Ohio

Compliance

We have audited the Four County Career Center, Henry County, Ohio's, an Ohio Joint Vocational School District (the Career Center), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Four County Career Center, Ohio's major federal program for the year ended June 30, 2012. The Four County Career Center, Ohio's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Four County Career Center, Ohio's management. Our responsibility is to express an opinion on the Four County Career Center, Ohio's compliance based on our audit.

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

In our opinion, the Four County Career Center, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Four County Career Center, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Four County Career Center, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Four County Career Center, Ohio's internal control over compliance.

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

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

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


James G. Zupka, CPA, Inc.
Certified Public Accountants

November 7, 2012

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

2012(i)	Type of Financial Statement Opinion	Unqualified
2012(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2012(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2012(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2012(v)	Type of Major Program's Compliance Opinion	Unqualified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list): Vocational Education Basic Grants to the State - CFDA #84.048	
2012(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2012(ix)	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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2012**

Management letter recommendations as of June 30, 2011, have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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Dave Yost • Auditor of State

FOUR COUNTY CAREER CENTER

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2013**