POLARIS CAREER CENTER
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

POLARIS CAREER CENTER
CUYAHOGA COUNTY

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Mary Taylor, CPA
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INDEPENDENT ACCOUNTANTS' REPORT

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio (the Center), as of and for the year ended June 30, 2009, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polaris Career Center, Cuyahoga County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General 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 December 18, 2009, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements. The schedule of federal awards receipts and expenditures is required by the U.S. Office of Management and Budget Circular A-133,Audits of State and Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2009

The discussion and analysis of the Polaris Career Center's (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The Center offers various programs, based on student interest and employment availability in the field of study. During fiscal year 2009, three new programs of instruction were added; Chinese, bio-medical, and pre-engineering. One program, horticulture, was eliminated.

- The Center uses the theory of "abandonment" to control expenses. This means that as employees leave the Center, an analysis of their position is done to determine if the position should be replaced, eliminated or reclassified to another department or program. Abandoning certain programs or positions allows the Center to funnel resources into the instructional programs that need it most.

- If a program is eliminated, the positions related to that program will be reassigned or eliminated. To date, the Center has only eliminated positions through attrition.

- The Center has added students by adding programs at associate schools. Career/technical classes are held at the associate school, but are taught by teachers employed by the Center.

- Although the Center's enrollment has increased, the State funding has not increased in proportion, as the Center is on the transitional aid guarantee. This guarantee provides a level of funding that does not increase with increased enrollment.

Using this Annual Financial Report

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole Center, presenting both an aggregate view of the 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 and what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Center, the general fund is by far the most significant fund.

Reporting the Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's funds begins on page 8. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's only major governmental fund is the general fund. The Center's only major business-type fund is the adult and community education fund.

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

Proprietary Funds: Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the Center as a whole.

The Center as a Trustee

The Center is a trustee or fiduciary for several programs. These activities are presented as a private purpose trust fund. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not included in the governmental activities. The Center also acts as an agent for individuals. These activities are reported in an agency fund.

The Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net assets for 2009 compared to 2008.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and Other Assets	$19,941,407	$21,376,698	$97,662	$225,876	$20,039,069	$21,602,574
Capital Assets, Net	6,070,223	5,833,920	95,992	112,260	6,166,215	5,946,180
Total Assets	26,011,630	27,210,618	193,654	338,136	26,205,284	27,548,754
Liabilities						
Current and Other Liabilities	8,982,048	9,662,172	106,284	85,138	9,088,332	9,747,310
Long Term Liabilities:						
Due Within One Year	727,975	830,624	157,676	162,962	885,651	993,586
Due in More than One Year	722,305	563,888	77,197	76,639	799,502	640,527
Total Liabilities	10,432,328	11,056,684	341,157	324,739	10,773,485	11,381,423
Net Assets						
Invested in Capital Assets	6,070,223	5,833,920	95,992	112,260	6,166,215	5,946,180
Restricted:						
Capital Projects	564,898	956,185	0	0	564,898	956,185
Set Asides	241,244	241,244	0	0	241,244	241,244
Other Purposes	16,594	9,786	0	0	16,594	9,786
Unrestricted (Deficit)	8,686,343	9,112,799	(243,495)	(98,863)	8,442,848	9,013,936
Total Net Assets	$15,579,302	$16,153,934	($147,503)	$13,397	$15,431,799	$16,167,331

Table 2 highlights the Center's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program revenue is defined as fees, restricted grants and charges for services. General revenues include taxes and unrestricted grants such as State foundation support. Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

(Table 2)
Changes in Net Assets

	Governmental		Business-Type		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues						
Charges for Services	$177,660	$252,427	$2,003,857	$1,905,260	$2,181,517	$2,157,687
Operating Grants	621,459	583,162	337,216	403,715	958,675	986,877
Total Program Revenues	799,119	835,589	2,341,073	2,308,975	3,140,192	3,144,564
General Revenues:						
Property Taxes	9,132,997	9,155,732	0	0	9,132,997	9,155,732
Grant and Entitlements not Restricted to Specific Programs	4,263,950	3,938,572	0	0	4,263,950	3,938,572
Investment Earnings	313,855	535,153	0	0	313,855	535,153
Other	67,158	90,215	77,391	154,564	144,549	244,779
Total General Revenues	13,777,960	13,719,672	77,391	154,564	13,855,351	13,874,236
Total Revenues	14,577,079	14,555,261	2,418,464	2,463,539	16,995,543	17,018,800
Program Expenses						
Instruction:						
Vocational	6,663,101	6,490,026	0	0	6,663,101	6,490,026
Adult/Continuing	90,601	89,608	0	0	90,601	89,608
Support Services:						
Pupil	1,800,372	2,039,136	0	0	1,800,372	2,039,136
Instructional Staff	1,579,455	1,623,544	0	0	1,579,455	1,623,544
Board of Education	112,411	158,597	0	0	112,411	158,597
Administration	843,339	868,870	0	0	843,339	868,870
Fiscal	667,328	663,842	0	0	667,328	663,842
Business	248,207	268,613	0	0	248,207	268,613
Operation and Maintenance of Plant	1,864,294	1,813,536	0	0	1,864,294	1,813,536
Pupil Transportation	30,056	27,744	0	0	30,056	27,744
Central	1,186,468	1,154,810	0	0	1,186,468	1,154,810
Operation of Non-Instructional Services	0	375	0	0	0	375
Extracurricular Activities	40,572	40,846	0	0	40,572	40,846
Food Service Operations	0	0	162,136	181,017	162,136	181,017
Uniform School Supplies	0	0	93,364	86,162	93,364	86,162
Customer Services	0	0	195,815	211,590	195,815	211,590
Adult and Community Education	0	0	2,153,556	2,265,630	2,153,556	2,265,630
Total Expenses	15,126,204	15,239,547	2,604,871	2,744,399	17,731,075	17,983,946
Decrease in Net Assets before Transfers	(549,125)	(684,286)	(186,407)	(280,860)	(735,532)	(965,146)
Transfers	(25,507)	(40,118)	25,507	40,118	0	0
Decreases in Net Assets	(574,632)	(724,404)	(160,900)	(240,742)	(735,532)	(965,146)
Net Assets, Beginning of Year	16,153,934	16,878,338	13,397	254,139	16,167,331	17,132,477
Net Assets (Deficit), End of Year	$15,579,302	$16,153,934	($147,503)	$13,397	$15,431,799	$16,167,331

Analysis of Overall Financial Position and Results of Operation

A historical trend to underspend appropriations continued and resulted in reducing discretionary spending; this barely offset 3 percent negotiated raises. The Center continues to look for ways to keep expenditures in line with revenues. Revenues were slightly lower in fiscal year 2009 than in the prior year.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Governmental Activities

Programs	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Instruction:				
Vocational	$6,663,101	($6,208,925)	$6,490,026	($6,049,431)
Adult/Continuing	90,601	12,115	89,608	11,114
Support Services:				
Pupil	1,800,372	(1,700,006)	2,039,136	(1,918,622)
Instructional Staff	1,579,455	(1,500,248)	1,623,544	(1,544,980)
Board of Education	112,411	(111,021)	158,597	(155,849)
Administration	843,339	(832,948)	868,870	(845,510)
Fiscal	667,328	(659,106)	663,842	(652,357)
Business	248,207	(245,148)	268,613	(263,957)
Operation and Maintenance of Plant	1,864,294	(1,839,843)	1,813,536	(1,781,190)
Pupil Transportation	30,056	(29,684)	27,744	(27,263)
Central	1,186,468	(1,172,200)	1,154,810	(1,135,397)
Operation of Non-Instructional Services	0	0	375	(375)
Extracurricular Activities	40,572	(40,071)	40,846	(40,141)
Total Expenses	$15,126,204	($14,327,085)	$15,239,547	($14,403,958)

The Center's Funds

As previously stated, governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenue of $14,818,722 a decrease of 0.11 percent from the prior year and expenditures of $15,308,256 which were 1.53 percent higher than the prior year. The fund balance decreased in 2009 by 4.57 percent. Balances are expected to be drawn down during the next five-year projection as inflation on the Center's normal operating expenditures will exceed revenues, which are expected to remain flat.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the Center amended its general fund budget monthly as defined by individual team needs. The Center uses electronic budgeting process to submit requests for inclusion in the June appropriation submission to the Board. Because of that early adoption of appropriations prior to completion of staffing levels, fiscal year 2009 appropriations were underspent as the Center's reallocation of resources resulted in multiple staff reductions and administration controls on approving requisitions tightened. The final general fund appropriations were $15,775,247, and the actual expenditures only amounted to $14,655,858, resulting in underspending final appropriations by 7.10 percent.

Capital Assets

At the end of fiscal year 2009 the Center had $6,166,215 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. $6,070,223 was in governmental activities. Table 4 shows fiscal 2009 balances compared to 2008.

(Table 4)
Capital Assets at June 30, 2009
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$261,490	$261,490	$0	$0	$261,490	$261,490
Construction in Progress	0	147,590	0	0	0	147,590
Buildings and Improvements	4,260,437	3,824,659	0	0	4,260,437	3,824,659
Furniture and Equipment	1,543,399	1,590,779	95,992	112,260	1,639,391	1,703,039
Vehicles	4,897	9,402	0	0	4,897	9,402
Total	$6,070,223	$5,833,920	$95,992	$112,260	$6,166,215	$5,946,180

The increase was the result of improvements to the Center's bakery and pastry arts area. Please see Note 10 for more information.

Center Outlook

Most of the Center's efforts are focused on controlling expenditures. Reduction of capital purchases and staffing are first priorities with negotiations in fiscal year 2010 critical to containing staff compensation and fringe benefits. The membership in a multi-School District health consortium has held rate increases to below trends in health care.

For years the Center has benefited from being at the two mill floor during rising property valuations. The inflation every third year allowed the Center to not be on the ballot for more millage. 2009 valuations were reduced by 8.7 percent and the millage was rolled up to 2.19. This led to no current loss in revenue, but revenues from the largest revenue source are anticipated to be flat for at least nine years due to the economy and the three year cycle of reappraisals and updates of property tax values. Short term the Center will control expenditures and draw on its carryover balance to offset expenses exceeding revenue.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional information, contact Dave Plahuta, Treasurer, Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio 44130 or e-mail at dplahuta@polaris.edu.

Polaris Career Center
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$10,369,908	$135,388	$10,505,296
Accounts Receivable	1,092	162	1,254
Intergovernmental Receivable	21,669	0	21,669
Internal Balance	38,478	(38,478)	0
Inventory Held for Resale	0	590	590
Materials and Supplies Inventory	28,589	0	28,589
Property Taxes Receivable	9,481,671	0	9,481,671
Nondepreciable Capital Assets	261,490	0	261,490
Depreciable Capital Assets, Net	5,808,733	95,992	5,904,725
Total Assets	26,011,630	193,654	26,205,284
Liabilities			
Accounts Payable	30,705	2,320	33,025
Accrued Wages and Benefits Payable	1,069,606	75,944	1,145,550
Intergovernmental Payable	201,909	28,020	229,929
Contracts Payable	804	0	804
Deferred Revenue	7,588,147	0	7,588,147
Matured Compensated Absences Payable	90,627	0	90,627
Matured Interest Payable	250	0	250
Long-Term Liabilities:			
Due Within One Year	727,975	157,676	885,651
Due in More Than One Year	722,305	77,197	799,502
Total Liabilities	10,432,328	341,157	10,773,485
Net Assets			
Invested in Capital Assets	6,070,223	95,992	6,166,215
Restricted for:			
Capital Projects	564,898	0	564,898
Set Asides	241,244	0	241,244
Other Purposes	16,594	0	16,594
Unrestricted (Deficit)	8,686,343	(243,495)	8,442,848
Total Net Assets (Deficit)	$15,579,302	($147,503)	$15,431,799

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2009

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
Instruction:			
Vocational	$6,663,101	$76,699	$377,477
Adult/Continuing	90,601	0	102,716
Support Services:			
Pupil	1,800,372	21,214	79,152
Instructional Staff	1,579,455	18,679	60,528
Board of Education	112,411	1,390	0
Administration	843,339	10,391	0
Fiscal	667,328	8,222	0
Business	248,207	3,059	0
Operation and Maintenance of Plant	1,864,294	22,865	1,586
Pupil Transportation	30,056	372	0
Central	1,186,468	14,268	0
Extracurricular Activities	40,572	501	0
Total Governmental Activities	15,126,204	177,660	621,459
Business-Type Activities			
Food Service Operations	162,136	79,731	19,429
Uniform School Supplies	93,364	85,810	0
Customer Services	195,815	211,437	0
Adult and Community Education	2,153,556	1,626,879	317,787
Total Business-Type Activities	2,604,871	2,003,857	337,216
Totals	$17,731,075	$2,181,517	$958,675

General Revenues
Property Taxes Levied for General Purposes
Grants and Entitlements not
Restricted to Specific Programs
Investment Earnings
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets (Deficit), End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($6,208,925)	$0	($6,208,925)
12,115	0	12,115
(1,700,006)	0	(1,700,006)
(1,500,248)	0	(1,500,248)
(111,021)	0	(111,021)
(832,948)	0	(832,948)
(659,106)	0	(659,106)
(245,148)	0	(245,148)
(1,839,843)	0	(1,839,843)
(29,684)	0	(29,684)
(1,172,200)	0	(1,172,200)
(40,071)	0	(40,071)
(14,327,085)	0	(14,327,085)
0	(62,976)	(62,976)
0	(7,554)	(7,554)
0	15,622	15,622
0	(208,890)	(208,890)
0	(263,798)	(263,798)
(14,327,085)	(263,798)	(14,590,883)
9,132,997	0	9,132,997
4,263,950	0	4,263,950
313,855	0	313,855
67,158	77,391	144,549
13,777,960	77,391	13,855,351
(25,507)	25,507	0
13,752,453	102,898	13,855,351
(574,632)	(160,900)	(735,532)
16,153,934	13,397	16,167,331
$15,579,302	($147,503)	$15,431,799

Polaris Career Center
Balance Sheet
Governmental Funds
June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$9,339,764	$572,663	$9,912,427
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	241,244	0	241,244
Accounts Receivable	923	169	1,092
Interfund Receivable	71,819	0	71,819
Intergovernmental Receivable	0	21,669	21,669
Materials and Supplies Inventory	28,589	0	28,589
Property Taxes Receivable	9,481,671	0	9,481,671
Total Assets	$19,164,010	$594,501	$19,758,511
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$30,705	$0	$30,705
Accrued Wages and Benefits Payable	1,069,426	180	1,069,606
Intergovernmental Payable	200,559	1,350	201,909
Contracts Payable	804	0	804
Deferred Revenue	8,126,843	17,859	8,144,702
Interfund Payable	0	3,980	3,980
Matured Compensated Absences Payable	90,627	0	90,627
Matured Interest Payable	0	250	250
Total Liabilities	9,518,964	23,619	9,542,583
Fund Balances			
Reserved for Encumbrances	161,016	4,124	165,140
Reserved for Advances	42,280	0	42,280
Reserved for Property Taxes	1,354,828	0	1,354,828
Reserved for Budget Stabilization	241,244	0	241,244
Unreserved, Undesignated Reported in:			
General Fund	7,845,678	0	7,845,678
Special Revenue Funds	0	1,860	1,860
Capital Projects Funds	0	564,898	564,898
Total Fund Balances	9,645,046	570,882	10,215,928
Total Liabilities and Fund Balances	$19,164,010	$594,501	$19,758,511

See accompanying notes to the basic financial statements

Polaris Career Center
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances		$10,215,928
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,070,223
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	538,696	
Intergovernmental	17,859	
Total		556,555
Long-term liabilities such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(1,450,280)
The internal service fund is used by management to charge the costs of insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		
Net Assets	216,237	
Internal Balances	(29,361)	
Total		186,876
Net Assets of Governmental Activities		$15,579,302

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$9,392,499	$0	$9,392,499
Intergovernmental	4,263,950	603,600	4,867,550
Interest	313,855	0	313,855
Tuition and Fees	177,660	0	177,660
Miscellaneous	67,158	0	67,158
Total Revenues	14,215,122	603,600	14,818,722
Expenditures			
Current:			
Instruction:			
Vocational	6,167,410	374,465	6,541,875
Adult/Continuing	0	89,629	89,629
Support Services:			
Pupil	1,697,141	79,584	1,776,725
Instructional Staff	1,514,885	55,040	1,569,925
Board of Education	112,411	0	112,411
Administration	826,542	0	826,542
Fiscal	672,432	0	672,432
Business	248,244	0	248,244
Operation and Maintenance of Plant	1,841,765	1,586	1,843,351
Pupil Transportation	30,056	0	30,056
Central	1,119,700	0	1,119,700
Extracurricular Activities	40,572	0	40,572
Capital Outlay	45,507	391,287	436,794
Total Expenditures	14,316,665	991,591	15,308,256
Excess of Revenues Under Expenditures	(101,543)	(387,991)	(489,534)
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	25,311	0	25,311
Transfers Out	(25,507)	0	(25,507)
Total Other Financing Sources (Uses)	(196)	0	(196)
Net Change in Fund Balances	(101,739)	(387,991)	(489,730)
Fund Balances, Beginning of Year	9,746,785	958,873	10,705,658
Fund Balances, End of Year	$9,645,046	$570,882	$10,215,928

See accompanying notes to the basic financial statements

Polaris Career Center

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, 2009

Net Change in Fund Balances -Total Governmental Funds		($489,730)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	776,132	
Current Year Depreciation	(514,518)	
Total		261,614
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(25,311)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(259,502)	
Intergovernmental	17,859	
Total		(241,643)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(55,768)
An internal service fund used by management to charge the cost of insurance to individual funds is not reported in the expenditures and related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental and business-type activities.		
Change in Net Assets	(27,533)	
Change in Internal Balance	3,739	
Total		(23,794)
Change in Net Assets of Governmental Activities		($574,632)

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positve (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$8,992,179	$8,965,943	$9,426,668	$460,725
Intergovernmental	4,067,418	4,055,551	4,263,950	208,399
Interest	294,819	293,959	309,064	15,105
Tuition and Fees	169,471	168,977	177,660	8,683
Miscellaneous	58,512	58,341	66,235	7,894
Total Revenues	13,582,399	13,542,771	14,243,577	700,806
Expenditures				
Current:				
Instruction:				
Vocational	6,764,642	6,739,214	6,274,825	464,389
Support Services:				
Pupil	1,949,861	1,974,526	1,755,166	219,360
Instructional Staff	1,584,711	1,574,942	1,524,189	50,753
Board of Education	189,694	189,694	136,240	53,454
Administration	955,533	956,218	833,857	122,361
Fiscal	692,480	692,480	666,985	25,495
Business	266,255	266,255	248,279	17,976
Operation and Maintenance of Plant	1,949,329	1,912,828	1,909,700	3,128
Pupil Transportation	38,700	41,700	30,799	10,901
Central	1,281,032	1,293,232	1,176,075	117,157
Extracurricular Activities	33,941	41,089	41,089	0
Capital Outlay	69,069	93,069	58,654	34,415
Total Expenditures	15,775,247	15,775,247	14,655,858	1,119,389
Excess of Revenues Under Expenditures	(2,192,848)	(2,232,476)	(412,281)	1,820,195
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	25,311	25,311
Transfers Out	(125,000)	(125,000)	(25,507)	99,493
Advances In	755	755	755	0
Advances Out	(125,000)	(125,000)	(29,539)	95,461
Total Other Financing Sources (Uses)	(249,245)	(249,245)	(28,980)	220,265
Net Change in Fund Balances	(2,442,093)	(2,481,721)	(441,261)	2,040,460
Fund Balance at Beginning of Year	9,237,606	9,237,606	9,237,606	0
Prior Year Encumbrances Appropriated	582,016	582,016	582,016	0
Fund Balance, End of Year	$7,377,529	$7,337,901	$9,378,361	$2,040,460

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Fund Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2009

	Business-Type Activites - Enterprise Funds			
	Adult and Community Education	Non-Major Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Assets				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	$10,447	$124,941	$135,388	$216,237
Accounts Receivable	0	162	162	0
Inventory Held for Resale	0	590	590	0
Total Current Assets	10,447	125,693	136,140	216,237
Noncurrent Assets				
Depreciable Capital Assets, Net	71,922	24,070	95,992	0
Total Assets	82,369	149,763	232,132	216,237
Liabilities				
Current Liabilities				
Accounts Payable	1,829	491	2,320	0
Accrued Wages and Benefits Payable	66,418	9,526	75,944	0
Intergovernmental Payable	22,003	6,017	28,020	0
Interfund Payable	25,559	42,280	67,839	0
Compensated Absences Payable	144,931	12,745	157,676	0
Total Current Liabilities	260,740	71,059	331,799	0
Long-Term Liabilities				
Compensated Absences Payable	76,814	383	77,197	0
Total Liabilities	337,554	71,442	408,996	0
Net Assets				
Invested in Capital Assets	71,922	24,070	95,992	0
Unrestricted (Deficit)	(327,107)	54,251	(272,856)	216,237
Total Net Assets	($255,185)	$78,321	(176,864)	$216,237
Net assets reported for business-type activities in the statement of net assets are different because their share of internal service fund assets and liabilities is included.			29,361	
Net assets of business-type activities			($147,503)	

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
Operating Revenues				
Charges for Services	$0	$211,437	$211,437	$242,202
Tuition and Fees	1,626,699	0	1,626,699	0
Sales	180	165,541	165,721	0
Miscellaneous	33,798	43,593	77,391	0
Total Operating Revenues	1,660,677	420,571	2,081,248	242,202
Operating Expenses				
Salaries	1,328,356	52,931	1,381,287	0
Fringe Benefits	354,376	23,974	378,350	0
Purchased Services	237,622	49,128	286,750	8,785
Materials and Supplies	215,365	318,077	533,442	0
Depreciation	13,468	2,800	16,268	0
Claims Expense	0	0	0	260,950
Other	630	4,405	5,035	0
Total Operating Expenses	2,149,817	451,315	2,601,132	269,735
Operating Loss	(489,140)	(30,744)	(519,884)	(27,533)
Non-Operating Revenues				
Federal and State Subsidies	317,787	19,429	337,216	0
Loss Before Transfers	(171,353)	(11,315)	(182,668)	(27,533)
Transfers In	0	25,507	25,507	0
Change in Net Assets	(171,353)	14,192	(157,161)	(27,533)
Net Assets (Deficit) at Beginning of Year	(83,832)	64,129		243,770
Net Assets (Deficit) at End of Year	($255,185)	$78,321		$216,237
Some amounts reported for business-type activities in the statement of activities are different because their share of the change in internal service fund assets and liabilities is included.			(3,739)	
Change in net assets of business-type activities			($160,900)	

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$1,626,879	$376,966	$2,003,845	$242,202
Cash Received from Other Operating Revenues	33,798	43,443	77,241	0
Cash Payments to Suppliers for Goods and Services	(458,584)	(363,975)	(822,559)	(8,785)
Cash Payments to Employees for Services	(1,315,929)	(51,449)	(1,367,378)	0
Cash Payments for Employee Benefits	(346,952)	(23,783)	(370,735)	0
Cash Payments for Claims	0	0	0	(314,311)
Cash Payments for Other Operating Expenses	(630)	(4,405)	(5,035)	0
Net Cash Used for Operating Activities	(461,418)	(23,203)	(484,621)	(80,894)
Cash Flows from Noncapital Financing Activities				
Federal and State Subsidies	317,787	23,036	340,823	0
Advances In	25,559	0	25,559	0
Transfers In	0	25,507	25,507	0
Net Cash Provided by Noncapital Financing Activities	343,346	48,543	391,889	0
Net Increase (Decrease) in Cash and Cash Equivalents	(118,072)	25,340	(92,732)	(80,894)
Cash and Cash Equivalents, Beginning of Year	128,519	99,601	228,120	297,131
Cash and Cash Equivalents, End of Year	$10,447	$124,941	$135,388	$216,237

See accompanying notes to the basic financial statements

(continued)

Polaris Career Center

Statement of Cash Flows

Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Fund
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating Loss	($489,140)	($30,744)	($519,884)	($27,533)
Adjustments:				
Depreciation	13,468	2,800	16,268	0
Donated Commodities Received During the Year	0	3,329	3,329	0
Increase in Assets:				
Accounts Receivable	0	(162)	(162)	0
Inventory Held for Resale	0	(590)	(590)	0
Increase/(Decrease) in Liabilities:				
Accounts Payable	(5,597)	491	(5,106)	0
Accrued Wages and Benefits Payable	18,255	382	18,637	0
Compensated Absences Payable	(5,828)	1,100	(4,728)	0
Intergovernmental Payable	7,424	191	7,615	0
Claims Payable	0	0	0	(53,361)
Total Adjustments	27,722	7,541	35,263	(53,361)
Net Cash Used for Operating Activities	($461,418)	($23,203)	($484,621)	($80,894)

Noncash Activities

The Food Service Fund received $3,329 in donated commodities.

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	
	Special Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$11,491	$43,293
Liabilities		
Due to Others	0	$6,264
Due to Students	0	37,029
Total Liabilities	0	$43,293
Net Assets		
Held in Trust for Scholarships	$11,491	

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2009

	Special Trust
Additions	
Contributions and Donations	$947
Deductions	
Scholarships Awarded	0
Change in Net Assets	947
Net Assets, Beginning of Year	10,544
Net Assets, End of Year	$11,491

See accompanying notes to the basic financial statements

Note 1 - Description of the Center and Reporting Entity

The Polaris Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of seven members which is comprised of one board member from each of the elected boards of the participating school districts. Members serve a two year term except for one rotating member picked by the member school districts to serve a one year term. Berea City School District, Brooklyn City School District, Fairview Park City School District, North Olmsted City School District, Olmsted Falls City School District, and Strongsville City School District are the member districts. The Center employs 9 administrative and supervisory personnel, 65 certified employees and 65 non-certificated employees who provide services to 567 students and other community members.

Reporting Entity

The Center is considered to be a stand-alone government because it is a legally separate entity but does not have an elected board. The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the basic financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Polaris Career Center, this includes the agencies and departments that provide the following services: general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Polaris Career Center.

The Center participates in a jointly governed organization and two public entity risk pools. The jointly governed organization is the Ohio Schools Council Association and the public entity risk pools are the Ohio School Boards Association Workers' Compensation Group Rating Program and the Suburban Health Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the 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 Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The Center has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the Center's accounting policies are described below.

A. Basis of Presentation

The 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 Center as a whole. These statements include the financial activities of the stand alone government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. These statements distinguish between those activities of the Center that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net assets presents the financial condition of the governmental and business-type activities of the Center at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities and for the four business-type activities of the Center. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements During the year, the Center segregates transactions related to certain 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 Center at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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

The other governmental funds of the Center account for grants and other resources whose uses are restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The Center's enterprise funds are used to account for food service operations, uniform school supply operations, customer service operations, and adult and community education operations. The following is the Center's major business-type fund:

Adult and Community Education Fund – This fund is used to account for transactions made in connection with adult and community education classes.

Internal Service Fund The internal service fund accounts for the financing of service provided by one department or agency to other departments or agencies of the Center on a cost reimbursement basis. The Center's only internal service fund accounts for the operation of the Center's self-insurance program for employee vision, drug card, and dental benefits of Center employees dated prior to December 31, 2008.

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 Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center's only trust fund is a private purpose trust which accounts for a program that provides college scholarship assistance to students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency fund is for student managed activities.

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 Center are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) 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 Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

During fiscal year 2009, investments were limited to federal home loan mortgage corporation notes, a repurchase agreement, and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as the repurchase agreement 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 Rule2a7 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, 2009.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to $313,855 which includes $17,701 assigned from other Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

H. Inventory

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The Center was able to estimate the historical cost for the initial reporting of assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of one thousand dollars. The 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. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	50 years
Building Improvements	15-30 years
Furniture and Equipment	5-25 years
Vehicles	5-15 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 employer will compensate the employees for the benefits through paid time off or some other means. The 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 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 Center's termination policy. The Center records a liability for accumulated unused sick leave for employees after ten years of current service with the Center.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence or employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

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 enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes include resources restricted for public school preschool.

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

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Center, these revenues are sales for food service, uniform school supplies, customer services and adult education and charges for service for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

P. Internal Activity

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

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

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 Board of Education and that are either unusual in nature or infrequent in occurrence.

R. 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.

Note 3 – Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 – Accountability

At June 30, 2009, the vocational education special revenue fund had a fund deficit of $958. The deficit balance resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and will provide transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the Center is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and

Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

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

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

4. Investments reported at cost (budget basis) rather than fair value (GAAP basis).

5. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

GAAP Basis	($101,739)
Net Adjustment for Revenue Accruals	33,246
Advances In	755
Beginning Fair Value Adjustment for Investments	11,039
Ending Fair Value Adjustment for Investments	(15,830)
Net Adjustment for Expenditure Accruals	(152,376)
Advances Out	(29,539)
Encumbrances	(186,817)
Budget Basis	($441,261)

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);

7. The State Treasurer's investment pool (STAR Ohio); and,

8. Commercial paper and bankers acceptances if training requirements have been met.

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

<u>Deposits</u>

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $8,751,186 of the Center's bank balance of $9,256,976 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

The 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 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

Investments are reported at fair value. As of June 30, 2009, the Center had the following investments:

Investment Type	Fair Value	Maturity
Federal Home Loan Mortgage Corporation Notes	$1,013,930	February 12, 2010
Repurchase Agreement		
Federal Home Loan Mortgage Corporation Notes	156,734	n/a
STAR Ohio	269,115	Average 58.1 days
Total Investments	$1,439,779	

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 Center, and that an investment must be purchased with the expectation that it will be held to maturity. 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 two percent and be marked to market daily. The Center's investment policy also states that the Center will not invest in any eligible security maturing more than two years from the date of settlement if it bears interest at a variable rate.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent. The 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.

Credit Risk The Federal Home Loan Mortgage Corporation Notes carried a rating of AAA by Fitch. The securities underlying the repurchase agreement had a rating of AAA by Fitch. 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. The Center has no investment policy that addresses credit risk.

Concentration of Credit Risk The Center places no limit on the amount it may invest in any one issuer. The following is the Center's allocation as of June 30, 2009:

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Notes	70.42 %
Repurchase Agreement	
Federal Home Loan Mortgage Corporation Notes	10.89
STAR Ohio	18.69

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Center's taxing districts. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Center prior to June 30.

The Center receives property taxes from Cuyahoga and Lorain Counties. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30, and the late personal property tax settlement were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance in the general fund was $1,354,828 at June 30, 2009 and $1,388,997 at June 30, 2008.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$3,643,519,060	69.70 %	$3,667,264,400	70.25 %
Commercial/Industrial	1,379,544,290	26.39	1,400,666,250	26.83
Tangible Personal Property:				
Public Utility	84,679,330	1.62	88,710,170	1.70
General Business	119,593,725	2.29	63,882,767	1.22
Total	$5,227,336,405	100.00 %	$5,220,523,587	100.00 %
Tax rate per $1,000 of assessed valuation	$2.40		$2.40	

Note 8 – Receivables

Receivables at June 30, 2009, consisted of taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes. All receivables except for a portion of the delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

At June 30, 2009 the Center had intergovernmental receivables of $3,810 and $17,859 in the miscellaneous state grant and adult basic education special revenue funds for the pre-engineering and ABLE instructional grants, respectively.

Note 9 - Risk Management

A. Property and Liability

The 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 2009, the Center contracted with Netherlands Insurance Company for the following insurance:

Type	Coverage
General Liability:	
Bodily Injury (Aggregate Limit)	$4,000,000
General Annual Aggregate	5,000,000
Sexual Misconduct and Molestation Liability	1,000,000
Medical Expense Limit	5,000
Property	
Blanket Building and Contents	42,687,759
Automobile Liability:	
Hired and Non-owned Liability	1,000,000
Medical Payments	5,000
Uninsured/Underinsured Motorist	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

B. Bonding

The Board President and the Superintendent are covered with surety bonds for $20,000. The Treasurer and Director of Business Services are also covered by a surety bond in the amount of $20,000. These bonds are with Hylant Group.

C. Workers' Compensation

For fiscal year 2009, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

D. Self-Insurance

In the prior years, the Center offered vision, drug card and dental benefits to all eligible employees and their dependents through a self-insurance internal service fund. As of January 1, 2009, the Center is no longer self insured. The self insurance fund is being utilized for the transition period to account for any run off claims dated prior to December 31, 2008. At this time the Center has made no plans for the balance of the fund. There is no claims liability reported in the internal service fund at June 30, 2009. Changes in the fund's claim liability amount in fiscal years 2008 and 2009 were:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2008	$96,569	$453,093	$496,301	$53,361
2009	53,361	260,950	314,311	0

E. Employee Health Benefits

The Center participates in the Suburban Health Consortium, a shared risk pool (Note 17) to provide employee medical/surgical benefits, vision, prescription drug, and dental. Rates are set through an annual calculation process. The Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Center's Board of Education pays the entire cost of a monthly premium for all full-time employees.

Claims are paid for all participants regardless of claims flow. Upon termination, all participants' claims would be paid without regard to the participants account balance or the Directors have the right to hold monies for an existing participant until the settlement of all expenses and claims.

Life insurance benefits of $50,000 including accidental death and dismemberment are provided to full time employees on a fully-funded basis.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/08	Additions	Reductions	Balance 6/30/09
Governmental Activities:				
Capital assets not being depreciated				
Land	$261,490	$0	$0	$261,490
Construction in progress	147,590	429,407	(576,997)	0
Total capital assets not being depreciated	409,080	429,407	(576,997)	261,490
Capital assets being depreciated				
Buildings and Improvements	12,124,052	676,840	0	12,800,892
Furniture and Equipment	5,155,607	246,882	(278,126)	5,124,363
Vehicles	274,954	0	0	274,954
Total capital assets being depreciated	17,554,613	923,722	(278,126)	18,200,209
Accumulated depreciation				
Buildings and Improvements	(8,299,393)	(241,062)	0	(8,540,455)
Furniture and Equipment	(3,564,828)	(268,951)	252,815	(3,580,964)
Vehicles	(265,552)	(4,505)	0	(270,057)
Total accumulated depreciation	(12,129,773)	(514,518) *	252,815	(12,391,476)
Capital assets being depreciated, net	5,424,840	409,204	(25,311)	5,808,733
Governmental activities capital assets, net	$5,833,920	$838,611	($602,308)	$6,070,223

	Balance 6/30/08	Additions	Reductions	Balance 6/30/09
Business-type activities:				
Equipment	$516,034	$0	($16,653)	$499,381
Accumulated depreciation				
Equipment	(403,774)	(16,268) **	16,653	(403,389)
Business-type activities capital assets, net	$112,260	($16,268)	$0	$95,992

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$459,529
Support Services:	
Pupil	1,061
Instructional Staff	9,977
Administration	1,402
Fiscal	1,172
Business	299
Operation and Maintenance of Plant	10,549
Central	30,529
Total Depreciation Expense	$514,518

** Depreciation expense was charged to business-type functions as follows:

Food Service	$2,800
Adult and Community Education	13,468
Total Depreciation Expense	$16,268

Note 11 – Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were $264,386, $266,896, and $292,041, respectively; 96.64 percent has been contributed for fiscal year 2009 and 100 percent has been contributed for fiscal year 2008 and 2007.

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligation was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were $888,374, $916,622, and $828,139, respectively; 87.93 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were $12,378 made by the Center and $35,772 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

Note 12 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was $48,085.

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

The Center's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $169,080, $150,132, and $145,609 respectively; 96.64 percent has been contributed for fiscal years 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007, were $21,814, $19,231 and $19,859 respectively; 96.64 percent has been contribution for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $68,336, $70,509, and $63,703 respectively; 87.93 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 13 - Employee Benefits

A. Vacation Leave

The Superintendent and twelve-month employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators earn twenty days of vacation per year and qualify for twenty-five if they start their sixth year at the Center. Center support personnel accumulate vacation based on the following factors:

Length of Service	Vacation Leave
After 1 Year	10 Days Per Year
9 or more Years	15 Days Per Year
15 or more Years	20 Days Per Year

Accumulated, unused vacation time is paid to employees upon termination of employment. Teachers do not earn vacation time.

B. Sick Leave

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 343 days for classified employees and 343 days for certified employees.

C. Retirement Severance Pay

Certified Employees

1. *Five or More Years of Service* A teacher who has five or more years of service with the Center may elect at the time of retirement from active service to be paid for thirty percent of the value of the teacher's accrued but unused sick leave credit to a maximum of ninety-eight days.

   The word "retirement" shall be limited exclusively to mean full permanent retirement with regard to age and years of service under the State Teachers Retirement System law. The rate paid will be the per diem rate of the teacher's basic contract in effect at the time of retirement. Supplemental contracts, extended service or other compensation will not be included in the calculation. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the teacher. Such payment shall be made only once to any teacher.

2. *Ten or More Years of Service* A teacher who has ten or more years of service with the Center, who resigns or who is severed from employment for any reason, may elect to receive a lump sum cash payment for thirty percent of the value of the teacher's accrued but unused sick leave credit to a maximum of forty days. Such payment shall be calculated by multiplying the employee's daily rate of pay at the time of such severance of employment by the total number of days to which they are entitled. The rate paid will be the highest per diem rate.

Classified Employees

Any employee who has five or more years of service with the Board of Education may elect at the time of retirement from active service to be paid for thirty percent of the value of the employee's accrued but unused sick leave credit to a maximum of ninety-eight days. Severance pay is a per diem based upon the employee's hourly rate over the last three years of employment, times the hours worked per day. The word "retirement" as used shall be limited exclusively to mean full permanent service retirement with regard to age and years of service under the School Employees Retirement System. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the employee.

Note 14 - Long-term Obligations

The changes in the Center's long-term obligations during fiscal year 2009 were as follows:

	Outstanding 06/30/08	Additions	Reductions	Outstanding 06/30/09	Amount Due in One Year
Governmental Activities					
Compensated Absences	$1,394,512	$1,100,204	$1,044,436	$1,450,280	$727,975
Business-Type Activities					
Compensated Absences	$239,601	$170,021	$174,749	$234,873	$157,676

Compensated absences will be paid from the general fund and food service and adult and community education enterprise funds.

The Center's overall legal debt margin was $469,847,123 with an unvoted debt margin of $5,220,524 at June 30, 2009.

Note 15 - Contingencies

A. Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2009.

B. Litigation

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

Note 16 - Jointly Governed Organization

Ohio Schools Council Association - The Ohio Schools Council Association (Council), is a jointly governed organization among 121 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2009, the Center paid $800 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The Center participates in the Council's natural gas purchase program. This program allows the Center to purchase natural gas at reduced rates if the Center will commit to participating for a twelve year period. There are currently 137 districts in the Program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

The Center also participates in the Council's electric purchase program. The Council provides 238 school districts and 11 MR/DD boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison) the ability to purchase electricity at reduced rates if the school district committed to participating in either a thirty-six month (Cleveland Electric Illuminating Company) or a forty-four month (Ohio Edison and Toledo Edison) program beginning either May 1, 2005 or January 1, 2006 and ending December 31, 2008. Each month, the Council invoices participants based on estimated usage that was determined when the program was established. Each September, these estimated payments are compared to their actual usage for the year (July to June). Refund checks are issued to districts that consumed less than their projected usage of electrical energy and districts that over-consumed are invoiced.

Note 17 – Public Entity Risk Pools

A. Ohio School Boards Association Workers' Compensation Group Rating Program

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

B. Suburban Health Consortium

The Suburban Health Consortium is a shared risk pool created pursuant to State statute for the purpose of administrating health care benefits. The Council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The Assembly exercises control over the participating school districts/centers, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part at any time for their School District. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

Note 18 - Set-Asides

The Center is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2009, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2008	$241,244	$0	($2,902,052)
Current Year Set-aside Requirement	0	92,419	92,419
Qualifying Disbursements	0	(360,398)	(646,988)
Totals	$241,244	($267,979)	($3,456,621)
Set-aside Balance Carried Forward to Future Fiscal Years	$241,244	$0	($3,456,621)
Set-aside Reserve Balance as of June 30, 2009	$241,244	$0	$0

The Center had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. While the qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was $241,244.

Note 19 - Interfund Transactions

A. Interfund Transfers

The transfers from the general fund to the food service fund and uniform school supplies fund of $18,422 and $7,085, respectively, were made to move unrestricted balances to support programs and projects accounted for in other funds.

B. Interfund Balances

During the year ended June 30, 2009, the general fund advanced $3,809, $171, and $25,559 to the miscellaneous state grants and adult basic education special revenue funds, and the adult and community education enterprise fund, respectively.

Interfund receivables and payables are due to the timing of the receipt of grant monies and fees received by the various funds. The general fund advanced monies to those funds to cover costs. All advances, except the advance to the customer services enterprise fund in the amount of $42,280, are expected to be repaid within one year.

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POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Passed through the Ohio Department of Education						
Nutrition Cluster:						
School Breakfast Program	2009	10.553	$4,848		$4,848	
National School Lunch Program	2009	10.555	17,664	3,329	17,664	3,329
Total Nutrition Cluster:			22,512	3,329	22,512	3,329
Total U.S. Department of Agriculture			**22,512**	**3,329**	**22,512**	**3,329**
U.S. DEPARTMENT OF EDUCATION						
Passed through the Ohio Department of Education						
Adult Basic Literacy Education (Civics)	2009	84.002	46,015		129,227	
Adult Basic Literacy Education (Civics)	2008	84.002			1,063	
Total - Adult Basic Literacy Education			46,015		130,290	
Special Education Cluster:						
Carl D. Perkins	2009	84.048	357,041		357,041	
Carl D. Perkins	2008	84.048	-		1,508	
Total - Carl D. Perkins			357,041		358,549	
State Grants for Innovative Programs, Title V	2009	84.298	639		563	
State Grants for Innovative Programs, Title V	2008	84.298	755		755	
Total - State Grants for Innovative Programs			1,394		1,318	
Safe and Drug Free Schools and Communities - State Grants	2009	84.186	1,586		1,586	
Improving Teacher Quality State Grants	2009	84.367	1,528		1,528	
Total U.S. Department of Education			**407,564**		**493,271**	
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES			**$430,076**	**$3,329**	**$515,783**	**$3,329**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2009

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – NATIONAL SCHOOL LUNCH PROGRAM

Cash receipts from the U.S. Department of Agriculture are co-mingled with State grants and local monies. It is assumed federal monies are expended first.

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2009, the District had no significant food commodities in inventory.

CFDA – Catalog of Federal Domestic Assistance.

Mary Taylor, CPA
Auditor of State

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

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio, (the Center) as of and for the year ended June 30, 2009, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Center's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Center's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Center's management in a separate letter dated December 18, 2009.

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Compliance and Other Matters

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

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated December 18, 2009.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2009

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

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

Compliance

We have audited the compliance of the Polaris Career Center, Cuyahoga County, Ohio, (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Polaris Career Center, Cuyahoga County, Ohio complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

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Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could directly and materially affect its major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to administer a federal program such that there is more than a remote likelihood that the Center's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program's compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Center's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Schedule of Federal Awards Receipts and Expenditures

We have also audited the financial statements of the governmental activities, business-type activities each major fund and the aggregate remaining fund information of the Polaris Career Center as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. Our audit was performed to form opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2009

POLARIS CAREER CENTER
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A - §133 - §505
FOR THE YEAR ENDED JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Program(list):**	Carl D. Perkins (84.048)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(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

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 11, 2007 and updated the policy on October 24, 2008.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

   (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

   (3) A procedure for reporting prohibited incidents;

   (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

   (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

(6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2009

Mary Taylor, CPA
Auditor of State

POLARIS CAREER CENTER

CUYAHOGA 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
MARCH 30, 2010

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