

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

DBA PENTA CAREER CENTER

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

Board of Education
Penta County Joint Vocational School District
30095 Oregon Road
Perrysburg, Ohio 43551

We have reviewed the Independent Auditor's Report of the Penta County Joint Vocational School District, Wood County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 11, 2005

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PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER

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PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 30095 Oregon Road
 Perrysburg, Ohio 43551

**ELECTED OFFICIALS AND
 ADMINISTRATIVE PERSONNEL
 AS OF JUNE 30, 2004**

<u>Name</u>	<u>Title</u>	<u>Term of Office or Contract Period</u>	<u>Surety</u>	<u>Amount</u>
BOARD OF EDUCATION				
Judith Sander	President	1/01/04 to 12/31/05	(A)	\$20,000
Pat Curtin	Vice President	1/01/03 to 12/31/04	-	-
Eric Myers	Member	1/01/04 to 12/31/05	-	-
Robert Righi	Member	1/01/04 to 12/31/05	-	-
Mark Schoenlein	Member	1/01/03 to 12/31/04	-	-
Richard Hotz	Member	1/01/04 to 12/31/05	-	-
Joe Rutherford	Member	1/01/04 to 12/31/05	-	-
Judy Hansen	Member	1/01/03 to 12/31/04	-	-
Sandy Bringman	Member	4/11/03 to 12/31/04	-	-
Penelope Getz	Member	1/01/04 to 12/31/05	-	-
Kathy Limes	Member	1/01/03 to 12/31/04	-	-

LEGAL COUNSEL

Cooper & Walinski
 900 Adams Street
 P.O. Box 1568
 Toledo, Ohio 43603

ADMINISTRATIVE PERSONNEL

Fred Susor	Superintendent	8/01/04 to 7/31/06	(A)	\$20,000
Carrie Herringshaw	Treasurer	1/14/04 to Organizational Meeting 2008	(A)	\$100,000

(A) Nationwide Insurance

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER

INDEX OF FUNDS

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund
Local Grants Fund
Media Materials Fund
Special Rotary Fund

Special Revenue Fund Type:

Adult Education Fund
Adult Basic Literacy Education Fund
Bureau of Vocational Rehabilitation Contract Services Fund
Career Development Fund
Education Management Information System (EMIS) Fund
Eisenhower Professional Development Fund
Entry Year 2004 Fund
Full Service Center
Goals 2000 Grant Fund
High School Food Service Fund
Improving Teacher Quality Fund
IVDL Grant Fund
Jobs Grant Fund
OneNet Grant Fund
Professional Development Block Grant Fund
Safe/Drug Free Schools Fund
School Net Professional Development Fund
School-To-Work Fund
Skill Center Food Service Fund
Supplemental Educational Opportunity Grant (SEOG) Fund
Tech Preparation Expanded Enrollment Fund
Title VI Innovative Education Fund
UAW Ford Fund
Uniform School Supplies Fund
Vocational Education Fund
Wellness Block Grant Fund

Debt Service Fund Type:

Debt Service Fund

Capital Projects Fund Type:

Building Project Fund
Permanent Improvements Fund

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER

**INDEX OF FUNDS
(CONTINUED)**

FIDUCIARY FUND TYPE:

Trust and Agency Fund Types:

Expendable Trust Funds:

Adult Education SBM
Ayes Tool Scholarship Fund
Graphics Trust Fund
Harpster Trust Fund

Nonexpendable Trust Funds:

Hirzel Scholarship Foundation Fund

Agency Funds:

Pell Grant Fund
Student Activities Fund



INDEPENDENT AUDITORS' REPORT

Board of Education
Penta County Joint Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta County Joint Vocational School District dba Penta Career Center ("Career Center"), an Ohio Vocational School District, as of and for the year ended June 30, 2004, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Penta County Joint Vocational School District dba Penta Career Center as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and pages 44 through 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2004 on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Penta County Joint Vocational School District dba Penta Career Center's basic financial statements. The accompanying schedule of expenditures of federal awards on page 46 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Weber O'Brien Ltd.

December 15, 2004

**Penta County Joint Vocational School District
dba Penta Career Center**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

The discussion and analysis of Penta Career Center's financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

HIGHLIGHTS

Key highlights for fiscal year 2004 are as follows:

The Career Center serves the Anthony Wayne, Benton-Carroll-Salem, Bowling Green, Eastwood, Elmwood, Genoa, Lake, Maumee, North Baltimore, Northwood, Otsego, Perrysburg, Rossford, Springfield, Swanton, and Woodmore school districts within a seven county area. A property tax levy of 2.0 effective mills is generated from the property owners within these school districts to fund general operations. For fiscal year 2004, this levy generated \$9,639,894 in property tax revenues for general operations.

Over the past several years, the Career Center has been in the planning stages to build and relocate to a new campus. A consulting firm was hired in 2000 which recommended that a new facility be constructed rather than renovating the current campus. The recommendation was based on several factors including space limitations, new educational requirements from the State of Ohio, safety issues, future program initiatives, and infrastructure issues. Land was purchased in fiscal year 2001. A one mill property tax levy was passed on the November 2003 ballot for permanent improvements which will be used to pay for the construction of the new campus. The Career Center began receiving property tax revenues from this levy in January 2004. For fiscal year 2004, this levy generated \$2,656,118 in property tax revenues.

On March 1, 2004, the Career Center entered into a leasing arrangement with the Agricultural Incubator Foundation for constructing, equipping, and furnishing a new campus facility. The Agricultural Incubator Foundation entered an agreement with a trustee through which it assigned and transferred its rights, title, and interest under the lease to Huntington Bank as Trustee. The Trustee issued Certificates of Participation, in the amount of \$65,000,000, in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance of the Certificates will be used to construct the new campus. At the end of fiscal year 2004, the Career Center was in the Schematic Design Phase of the construction project. Tentative starting dates for the various phases of the construction project are as follows:

Design Development	November 2004
Construction Documents	April 2005
Bid and Award	January 2006
Construction	February 2006
Owner Occupancy	April 2009

USING THIS ANNUAL REPORT

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

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

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

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

REPORTING THE CAREER CENTER AS A WHOLE

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2004. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the Career Center reports governmental activities. All of the Career Center's programs and services are reported here, including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

REPORTING THE CAREER CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Career Center's net assets for fiscal year 2004 compared to fiscal year 2003.

Table 1 Net Assets			
Governmental Activities			
	2004	2003	Increase/ (Decrease)
<u>Assets</u>			
Current and Other Assets	\$99,645,047	\$25,030,072	\$74,614,975
Capital Assets, Net	11,963,950	11,616,974	346,976
Total Assets	111,608,997	36,647,046	74,961,951
<u>Liabilities</u>			
Current and Other Liabilities	16,371,606	11,017,678	5,353,928
Long-Term Liabilities	71,055,916	5,355,979	65,699,937
Total Liabilities	87,427,522	16,373,657	71,053,865
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	9,122,728	8,391,974	730,754
Restricted	16,005,522	11,491,548	4,513,974
Unrestricted (Deficit)	(946,775)	389,867	(1,336,642)
Total Net Assets	\$24,181,475	\$20,273,389	\$ 3,908,086

Penta County Joint Vocational School District
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Current and other assets increased significantly from recording the proceeds and unamortized issuance costs pertaining to the \$65,000,000 certificates of participation issued to construct a new campus, along with the additional property taxes receivable pertaining to the one mill levy that was passed in November 2003. Capital assets increased from the purchase of additional land and engineering and architectural costs that were incurred in fiscal year 2004 pertaining to the construction of the new campus. Overall total assets increased by 205 percent.

Current and other liabilities increased 49 percent from the increase in deferred revenue related to the property tax receivable and accrued interest payable due on the certificates of participation. Long-term liabilities increased from the issuance of the certificates of participation. Overall total liabilities increased 434 percent.

The majority of the increase in invested in capital assets, net of related debt resulted in reducing the long-term obligation relating to capital assets, in the amount of \$300,000, and the purchase of land. Restricted net assets increased from the transfers from the General Fund to the Permanent Improvement capital projects fund to set aside money for the construction of the new campus. Restricted net assets also increased for property taxes collected on the one mill levy for permanent improvements. Eventually a portion of these resources will be transferred to the debt service fund to pay for the related debt. Unrestricted net assets decreased for a portion of the proceeds of Certificates of Participation that will not be used for the construction of the campus.

Table 2 reflects the change in net assets for fiscal year 2004 compared to fiscal year 2003.

Table 2
Change in Net Assets
Governmental Activities

	2004	2003	Increase/ (Decrease)
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$1,297,307	\$1,370,763	\$ (73,456)
Operating Grants and Contributions	5,045,268	4,730,426	314,842
Capital Grants and Contributions	17,745	13,023	4,722
Total Program Revenues	<u>6,360,320</u>	<u>6,114,212</u>	<u>246,108</u>
General Revenues			
Property Taxes	12,296,012	8,948,085	3,347,927
Payment in Lieu of Taxes	133,913	56,641	77,272
Grants and Entitlements not Restricted to Specific Programs	7,902,684	7,398,180	504,504
Interest	324,672	323,303	1,369
Miscellaneous	87,793	89,408	(1,615)
Total General Revenues	<u>20,745,074</u>	<u>16,815,617</u>	<u>3,929,457</u>
Total Revenues	<u>27,105,394</u>	<u>22,929,829</u>	<u>4,175,565</u>

(continued)

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

	2004	2003	Increase/ (Decrease)
<u>Expenses</u>			
Instruction:			
Regular	\$733,239	\$893,812	\$ (160,573)
Special	934,889	917,796	17,093
Vocational	10,306,431	9,860,299	446,132
Adult/Continuing	947,695	970,774	(23,079)
Support Services:			
Pupils	2,381,700	2,275,281	106,419
Instructional Staff	1,970,637	2,001,325	(30,688)
Board of Education	60,115	34,539	25,576
Administration	1,394,428	1,274,379	120,049
Fiscal	546,216	441,482	104,734
Operation and Maintenance of Plant	2,106,739	1,934,385	172,354
Pupil Transportation	0	743	(743)
Central	185,175	195,328	(10,153)
Noninstructional Services	791,155	744,923	46,232
Extracurricular Activities	190	296	(106)
Intergovernmental	0	20,904	(20,904)
Interest and Fiscal Charges	838,699	144,887	693,812
Total Expenses	<u>23,197,308</u>	<u>21,711,153</u>	<u>1,486,155</u>
Increase in Net Assets	<u>\$3,908,086</u>	<u>\$1,218,676</u>	<u>\$2,689,410</u>

Program revenues accounted for 23 percent of total revenues received in fiscal year 2004. These revenues consisted of tuition and fees, charges for providing lunches to students, vocational services grants for specified purposes, and gifts and donations. Operating grants and contributions increased from the Career Center being awarded additional vocational monies in fiscal year 2004. The majority of general revenues consisted of property taxes and unrestricted grants and entitlements and increased from the prior fiscal year mainly due to the new one mill property tax levy.

Costs for providing instruction increased 2 percent from the prior fiscal year and are 55.7 percent of total expenses of the Career Center. The percentage of total expenses for support services and noninstructional expenses remained constant at 38 percent and 3 percent, respectively. Support services include costs associated with providing support to pupils and teachers, along with expenses relating to the administration and maintenance of buildings. Noninstructional services consist of food services to students. Interest and fiscal charges increased significantly from the interest due on the certificates of participation.

Net assets increased significantly from the receipt of one-half year's collection of the property tax levy for permanent improvements that are restricted to pay the principal and interest payments on the certificates of participation.

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2004	2003	2004	2003
Instruction:				
Regular	\$733,239	\$893,812	\$692,769	\$890,797
Special	934,889	917,796	(33,517)	71,683
Vocational	10,306,431	9,860,299	7,268,252	6,959,631
Adult/Continuing	947,695	970,774	(171,987)	(167,399)
Support Services:				
Pupils	2,381,700	2,275,281	1,895,341	1,763,381
Instructional Staff	1,970,637	2,001,325	1,970,387	1,978,825
Board of Education	60,115	34,539	60,115	34,539
Administration	1,394,428	1,274,379	1,394,428	1,274,379
Fiscal	546,216	441,482	546,216	441,482
Operation and Maintenance of Plant	2,106,739	1,934,385	2,106,739	1,934,385
Pupil Transportation	0	743	0	743
Central	185,175	195,328	185,175	188,328
Non-Instructional Services	791,155	744,923	84,181	60,127
Extracurricular Activities	190	296	190	249
Intergovernmental	0	20,904	0	20,904
Interest and Fiscal Charges	838,699	144,887	838,699	144,887
Total Expenses	\$23,197,308	\$21,711,153	\$16,836,988	\$15,596,941

The Career Center funds 57 percent of their total instruction costs and 99 percent of support services costs with property taxes and unrestricted grants and entitlements. Adult/Continuing expenses were fully funded by tuition and fees and grants for fiscal year 2003 and fiscal year 2004.

The major change in support services between total cost of services and net cost of services was in pupils expense where grant and entitlements were not received in fiscal year 2004 to support operations. Noninstructional expenses for food service operations continue to be partially funded with general revenues because part of the operations includes the training of students.

**Penta County Joint Vocational School District
dba Penta Career Center**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund, Permanent Improvement capital projects fund, and Building capital projects fund. The excess of revenues over expenditures in the General Fund was \$2,821,087 indicating that the Career Center continues to carefully allocate their resources.

In the General Fund, interest revenues increased due to investing in federal securities rather than certificates of deposit.

The General Fund continues to transfer funds to the Permanent Improvement capital projects fund for renovations, debt service requirements, and to set aside funding for the Career Center's construction of a new campus. The Building Fund transferred funds to Other Governmental Funds for debt service requirements.

BUDGETARY HIGHLIGHTS

The Career Center prepares an annual budget of revenues and expenditures for all funds of the Career Center for use by Career Center officials and department heads and prepares such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of July. The Career Center's most significant budgeted fund is the General Fund. During the course of fiscal year 2004, the Career Center amended its General Fund budget as needed.

For the General Fund, final budgeted revenues increased 4 percent over the original budget from payment in lieu of taxes and tuition and fees not being included in the original revenue estimates, along with additional foundation funding and charges for services. The final appropriations increased by less than 1 percent from the original budget. The Board of Education of the Career Center budgets at the object level. The budgetary statement presentation is at the function level. Since the Board of Education budgets the General Fund at the object level, the negative variance amounts presented on the financial statements do not represent budgetary law noncompliance.

Actual expenditures plus carryover encumbrances were 7 percent less than the final appropriations. The primary cause of this was that the Career Center kept their costs down relating to purchased services in the vocational instruction and operations and maintenance of plant support services functions, in materials and supplies in the vocational instruction function, and in capital outlay in the administrative and operations and maintenance of plant support services functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The primary increase in capital assets for governmental activities is from the purchase of land and construction in progress for the new campus being greater than the depreciation expense on capital assets during fiscal year 2004. Note 9 to the financial statements provides additional details regarding capital assets.

Penta County Joint Vocational School District
dba Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Debt - The Career Center had two outstanding debt issues. The general obligation bonds for \$2,925,000 pertain to the acquisition of property for the construction of the new campus. The bonds are paid from transfers from the General Fund. The Career Center also entered into a leasing arrangement for constructing, equipping, and furnishing a new campus. The lease is with the Agricultural Incubator Foundation who entered into an agreement through which it assigned and transferred its rights, title, and interest under the lease to Huntington Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement, in the amount of \$65,000,000, enabling holders of the Certificates to receive a portion of the semiannual lease payments. The leasing agreement will be paid from a one mill permanent improvement property tax levy.

In addition to the debt outlined above, the Career Center's long-term obligations also include compensated absences. Note 16 to the financial statements provides additional details regarding long-term obligations.

CURRENT ISSUES

Voters in the Career Center district passed a one mill permanent improvement levy that was on the November 2003 ballot to fund the construction of a new campus. The current campus was established in 1965 by retrofitting an existing army depot administration building. Over the years various additions and renovations have occurred to meet changing needs. Due to the age of the buildings, there are concerns regarding the sanitation/waste management, electrical, and heating and air conditioning systems.

The Career Center recently completed negotiations with certified staff. The new contract is effective for a three-year period beginning July 1, 2004. The new contract provides for salary increases in fiscal years 2005, 2006, and 2007 of 3.5 percent, 3.25 percent, and 3.25 percent, respectively. The calculation for sick leave severance for employees eligible to retire was changed from 25 percent of 275 sick leave days to 25 percent of 285 sick leave days. Traditional plan health care coverage will no longer be available after June 30, 2006. Effective July 1, 2004, all employees that opt for the traditional plan instead of the PPO must pay the difference in premiums between the two plans. The former contract required the employee to pay 6 percent of their insurance premiums. The new agreement requires the employee to pay 7 percent of the insurance premium in fiscal year 2005, 8 percent in fiscal year 2006, and 10 percent in fiscal year 2007. Co-pays to health care providers had been 10 percent and were changed to 10 percent for in-network health care providers and 30 percent for out-of-network providers. Co-pays for prescription drugs and health care deductibles were also increased.

The classified staff contract is a three-year contract expiring June 30, 2005.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in our Career Center's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Carrie J. Herringshaw, Treasurer, 30095 Oregon Road, Perrysburg, Ohio 43551.

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Net Assets
June 30, 2004

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$21,872,480
Investments	60,700,979
Accounts Receivable	31,344
Intergovernmental Receivable	161,423
Accrued Interest Receivable	91,009
Prepaid Items	321,931
Inventory Held for Resale	9,936
Materials and Supplies Inventory	2,748
Property Taxes Receivable	14,782,195
Unamortized Issuance Costs	1,671,002
Nondepreciable Capital Assets	5,037,237
Depreciable Capital Assets, Net	6,926,713
<i>Total Assets</i>	111,608,997
<u>Liabilities</u>	
Accrued Wages and Benefits Payable	1,846,741
Accounts Payable	85,564
Contracts Payable	215,281
Matured Compensated Absences Payable	16,106
Special Termination Benefits Payable	1,500
Intergovernmental Payable	311,435
Accrued Interest Payable	835,055
Deferred Revenue	13,059,924
Long-Term Liabilities	
Due Within One Year	1,575,052
Due in More Than One Year	69,480,864
<i>Total Liabilities</i>	87,427,522
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	9,122,728
Restricted for:	
Capital Projects	15,870,241
Other Purposes	135,281
Unrestricted	(946,775)
<i>Total Net Assets</i>	\$24,181,475

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Assets
Governmental Activities			Capital Grants and Contributions	Governmental Activities
Instruction:				
Regular	\$733,239	\$0	\$40,470	\$0
Special	934,889	0	968,406	0
Vocational	10,306,431	0	3,020,434	17,745
Adult/Continuing	947,695	654,133	465,549	0
Support Services:				
Pupils	2,381,700	0	486,359	0
Instructional Staff	1,970,637	250	0	0
Board of Education	60,115	0	0	0
Administration	1,394,428	0	0	0
Fiscal	546,216	0	0	0
Operation and Maintenance of Plant	2,106,739	0	0	0
Central	185,175	0	0	0
Noninstructional Services	791,155	642,924	64,050	0
Extracurricular Activities	190	0	0	0
Interest and Fiscal Charges	838,699	0	0	0
<i>Total Governmental Activities</i>	<u>\$23,197,308</u>	<u>\$1,297,307</u>	<u>\$5,045,268</u>	<u>\$17,745</u>

General Revenues

Property Taxes Levied for	
General Purposes	9,639,894
Permanent Improvement	2,656,118
Payment in Lieu of Taxes	133,913
Grants and Entitlements Not Restricted to Specific Programs	7,902,684
Interest	324,672
Miscellaneous	87,793
<i>Total General Revenues</i>	<u>20,745,074</u>
<i>Change in Net Assets</i>	3,908,086
<i>Net Assets Beginning of Year</i>	<u>20,273,389</u>
<i>Net Assets End of Year</i>	<u>\$24,181,475</u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Balance Sheet
Governmental Funds
June 30, 2004

	General	Permanent Improvement	Building	Other Governmental	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$3,466,591	\$15,059,645	\$2,823,313	\$522,931	\$21,872,480
Investments	0	0	56,599,970	4,101,009	60,700,979
Accounts Receivable	31,344	0	0	0	31,344
Intergovernmental Receivable	441	0	0	160,982	161,423
Accrued Interest Receivable	35,282	0	55,727	0	91,009
Prepaid Items	62,437	0	259,494	0	321,931
Inventory Held for Resale	0	0	0	9,936	9,936
Materials and Supplies Inventory	0	0	0	2,748	2,748
Interfund Receivable	154,015	0	0	0	154,015
Property Taxes Receivable	10,046,306	4,735,889	0	0	14,782,195
<i>Total Assets</i>	<u>\$13,796,416</u>	<u>\$19,795,534</u>	<u>\$59,738,504</u>	<u>\$4,797,606</u>	<u>\$98,128,060</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accrued Wages and Benefits Payable	\$1,782,067	\$0	\$0	\$64,674	\$1,846,741
Accounts Payable	83,031	0	0	2,533	85,564
Contracts Payable	0	0	215,281	0	215,281
Matured Compensated Absences Payable	16,106	0	0	0	16,106
Intergovernmental Payable	284,780	0	0	15,819	300,599
Accrued Interest Payable	0	0	0	125,632	125,632
Interfund Payable	0	0	0	154,015	154,015
Deferred Revenue	9,113,196	4,264,855	37,875	62,619	13,478,545
<i>Total Liabilities</i>	<u>11,279,180</u>	<u>4,264,855</u>	<u>253,156</u>	<u>425,292</u>	<u>16,222,483</u>
<u>Fund Balances</u>					
Reserved for Property Taxes	875,854	428,605	0	0	1,304,459
Reserved for Encumbrances	330,477	85,058	9,118,511	60,382	9,594,428
Unreserved, Reported in					
General Fund	1,310,905	0	0	0	1,310,905
Special Revenue Funds	0	0	0	105,105	105,105
Debt Service Funds	0	0	0	4,206,827	4,206,827
Capital Projects Funds	0	15,017,016	50,366,837	0	65,383,853
<i>Total Fund Balances</i>	<u>2,517,236</u>	<u>15,530,679</u>	<u>59,485,348</u>	<u>4,372,314</u>	<u>81,905,577</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,796,416</u>	<u>\$19,795,534</u>	<u>\$59,738,504</u>	<u>\$4,797,606</u>	<u>\$98,128,060</u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2004

<i>Total Governmental Fund Balances</i>	\$81,905,577
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,963,950
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Accounts Receivable	9,517
Intergovernmental Receivable	62,619
Accrued Interest Receivable	57,564
Property Taxes Receivable	288,921
	418,621

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.	1,671,002
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Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources and, therefore, not reported in the funds.	(10,836)
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Special Termination Benefits Payable	(1,500)
Accrued Interest Payable	(709,423)
General Obligation Bonds Payable	(2,925,000)
Certificates of Participation	(65,910,806)
Compensated Absences Payable	(2,220,110)
	(71,766,839)

<i>Net Assets of Governmental Activities</i>	<u>\$24,181,475</u>
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See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Permanent Improvement	Building	Other Governmental	Total
Revenues					
Property Taxes	\$9,741,291	\$2,613,689	\$0	\$0	\$12,354,980
Payment in Lieu of Taxes	133,913	0	0	0	133,913
Intergovernmental	11,528,322	250,572	0	1,205,364	12,984,258
Interest	74,006	150,616	76,380	9,546	310,548
Tuition and Fees	35,520	0	0	486,595	522,115
Charges for Services	393,162	0	0	398,223	791,385
Extracurricular Activities	13,470	0	0	0	13,470
Miscellaneous	60,681	0	0	27,706	88,387
<i>Total Revenues</i>	<u>21,980,365</u>	<u>3,014,877</u>	<u>76,380</u>	<u>2,127,434</u>	<u>27,199,056</u>
Expenditures					
Current:					
Instruction:					
Regular	690,631	0	0	0	690,631
Special	886,099	0	0	0	886,099
Vocational	9,776,382	0	0	33,120	9,809,502
Adult/Continuing	160,362	0	0	800,868	961,230
Support Services:					
Pupils	1,821,141	0	0	494,248	2,315,389
Instructional Staff	1,723,629	0	0	232,121	1,955,750
Board of Education	60,115	0	0	0	60,115
Administration	1,080,374	0	0	312,030	1,392,404
Fiscal	515,000	36,614	0	0	551,614
Operation and Maintenance of Plant	2,005,356	0	0	0	2,005,356
Central	179,992	0	0	6,000	185,992
Noninstructional Services	260,197	0	0	502,648	762,845
Extracurricular Activities	0	0	0	190	190
Capital Outlay	0	409,230	629,217	0	1,038,447
Debt Service:					
Principal Retirement	0	300,000	0	0	300,000
Interest and Fiscal Charges	0	136,773	0	0	136,773
Issuance Costs	0	0	1,678,329	0	1,678,329
<i>Total Expenditures</i>	<u>19,159,278</u>	<u>882,617</u>	<u>2,307,546</u>	<u>2,381,225</u>	<u>24,730,666</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,821,087</u>	<u>2,132,260</u>	<u>(2,231,166)</u>	<u>(253,791)</u>	<u>2,468,390</u>
Other Financing Sources (Uses)					
Certificates of Participation Issued	0	0	65,000,000	0	65,000,000
Premium on Bonds Issued	0	0	913,795	0	913,795
Transfers In	0	2,000,000	0	4,463,869	6,463,869
Transfers Out	(2,266,588)	0	(4,197,281)	0	(6,463,869)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,266,588)</u>	<u>2,000,000</u>	<u>61,716,514</u>	<u>4,463,869</u>	<u>65,913,795</u>
<i>Net Changes in Fund Balances</i>	554,499	4,132,260	59,485,348	4,210,078	68,382,185
<i>Fund Balances at Beginning of Year</i>	<u>1,962,737</u>	<u>11,398,419</u>	<u>0</u>	<u>162,236</u>	<u>13,523,392</u>
<i>Fund Balances at End of Year</i>	<u>\$2,517,236</u>	<u>\$15,530,679</u>	<u>\$59,485,348</u>	<u>\$4,372,314</u>	<u>\$81,905,577</u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds \$68,382,185

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

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

Nondepreciable Assets	965,241	
Depreciable Assets	178,758	
Depreciation	<u>(783,005)</u>	360,994

The cost of capital assets is removed from the capital asset account on the statement of net assets resulting in a loss on disposal of capital assets on the statement of activities. (14,018)

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

Property Taxes	(58,968)	
Intergovernmental	(19,155)	
Interest	14,124	
Charges for Services	<u>(29,663)</u>	(93,662)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 300,000

Certificates of participation are other financing sources in the governmental funds, but the issuance increases long-term liabilities on the statement of net assets. (65,000,000)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets.

Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.

Accrued Interest Payable	(697,588)	
Premium on Certificates of Participation	(913,795)	
Amortization of Premium	<u>2,989</u>	(1,608,394)

(continued)

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2004

Issuance costs are reported as an expenditure when paid in the governmental funds, but is reported as an asset on the statement of net assets and is amortized over the life of the related debt.

Issuance Costs on Certificates of Participation	\$1,678,329	
Amortization of Issuance Costs	<u>(7,327)</u>	
		1,671,002

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

Special Termination Benefits Payable	1,500	
Intergovernmental Payable	(2,390)	
Compensated Absences Payable	<u>(89,131)</u>	
		<u>(90,021)</u>

<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$3,908,086</u></u>
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See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	Agency
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$7,759	\$13,435
<u>Liabilities</u>		
Accounts Payable	0	\$12
Due to Students	0	13,423
<i>Total Liabilities</i>	0	\$13,435
<u>Net Assets</u>		
Held in Trust for Students	7,759	
<i>Total Net Assets</i>	\$7,759	

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Statement of Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2004

<u>Additions</u>	
Interest	\$880
Gifts and Donations	<u>9,693</u>
 Total Additions	 10,573
<u>Deductions</u>	
Noninstructional Services	<u>82,859</u>
 <i>Change in Net Assets</i>	 (72,286)
 <i>Net Assets Beginning of Year</i>	 <u>80,045</u>
 <i>Net Assets End of Year</i>	 <u><u>\$7,759</u></u>

See accompanying notes to the basic financial statements

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 1 - Description of the Career Center and Reporting Entity

Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of an eleven member Board of Education consisting of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and two representatives from each of the most populous counties: Lucas and Wood. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established in 1964. The Career Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. It is staffed by sixty-seven classified employees, two hundred thirteen certified teaching personnel, and twenty administrative employees who provide services to one thousand seven hundred seventy-one students and other community members. The Career Center currently operates five instructional buildings.

Reporting Entity

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

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

The Career Center participates in two jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Ohio School Plan, the School Boards Association Workers' Compensation Group Rating Plan, and the Wood County Insurance Consortium. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the fiscal year, the Career Center segregates transactions related to certain Career Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Career Center at this more detailed level. The focus of governmental 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. Fiduciary funds are reported by type.

B. Fund Accounting

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

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Governmental Funds

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

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

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for the acquisition, construction, or improvement of capital facilities.

Building Fund - The Building capital projects fund accounts for proceeds from the issuance of certificates of participation to construct a new campus.

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Fund Financial Statements

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is the fund and object level for the General Fund, Food Service and Adult Education special revenue funds, and the Permanent Improvement capital projects fund. Budgetary allocations at the function level for these funds are made by the Treasurer. The legal level of control for all other funds is the fund level; budgetary allocations at the function and object level for these funds are made by the treasurer.

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

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

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

F. Cash and Investments

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

During fiscal year 2004, the Career Center's investments included nonnegotiable certificates of deposit, mutual funds, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for non-negotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price at June 30, 2004 or current share price for mutual funds. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2004 was \$74,006, which includes \$1,940 assigned from other Career Center funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

I. Unamortized Issuance Costs

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method.

On the governmental fund financial statements, issuance costs are recognized as an expenditure in the current period.

J. Capital Assets

All of the Career Center's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets, but are not reported on the fund financial statements.

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

All capital assets, except 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	Useful Lives
Land Improvements	15 - 20 years
Buildings and Building Improvements	5 - 40 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	8 years

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Assets

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

O. Fund Balance Reserves

The Career Center reserves those portions of fund balance 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 which is available for appropriation in future periods. Fund balance reserves have been established for property taxes and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

P. Unamortized Premiums

On government-wide financial statements, premiums on bonds issued are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized as an other financing source in the current period.

Q. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

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R. 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 management and are either unusual in nature or infrequent in occurrence.

S. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2004, the School District has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". GASB Statement No. 39 establishes additional guidance on the application of existing standards for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. The implementation of this Statement did not result in any change to the Career Center's financial statements.

Note 4 - Accountability

At June 30, 2004, the Adult Basic Literacy Education and Vocational Education special revenue funds had deficit fund balances of \$2,029 and \$64,274, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Deposits and Investments

State statutes classify monies held by the Career Center into three categories.

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

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

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

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Protection of the Career Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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At fiscal year end, the Career Center had \$876 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the Career Center's deposits was \$8,887,768 and the bank balance was \$8,956,002. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining amounts were collateralized by pooled securities. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center's investments are categorized to give an indication of the level of risk assumed by the Career Center at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the Career Center or its agent in the Career Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Career Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Career Center's name. STAR Ohio and investments in mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Federal Home Loan Bank Notes	\$19,036,169	\$19,036,169
Federal Home Loan Mortgage Corporation Notes	30,799,067	30,799,067
Federal National Mortgage Association Notes	21,821,620	21,821,620
	\$71,656,856	71,656,856
STAR Ohio		1,816,148
Mutual Funds		233,005
		\$73,706,009

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The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$21,893,674	\$60,700,979
Cash on Hand	(876)	
Investments:		
Federal Home Loan Bank Notes	(995,180)	995,180
Federal Home Loan Mortgage Corporation Notes	(6,967,897)	6,967,897
Federal National Mortgage Association Notes	(2,992,800)	2,992,800
STAR Ohio	(1,816,148)	1,816,148
Mutual Funds	(233,005)	233,005
GASB Statement No. 3	\$8,887,768	\$73,706,009

Note 6 - Receivables

Receivables at June 30, 2004, consisted of accounts (student fees and billings for user charged services), intergovernmental, accrued interest, interfund, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	\$441
Other Governmental Funds	
Food Service	7,770
Adult Education	3,815
Post Secondary Vocational	1,931
Vocational Education	35,861
Perkins	111,077
Drug Free	528
Total Other Governmental Funds	160,982
Total Intergovernmental Receivables	\$161,423

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Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the area served by the Career Center. Real property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien on December 31, 2002, were levied after April 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2004 (other than public utility property) represent the collection of calendar year 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 Career Center prior to June 30.

The Career Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2004, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004, was \$875,854 in the General Fund and \$428,605 in the Permanent Improvement capital projects fund.

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The late tax settlements made by the Counties for fiscal year 2004 were \$93,344 in the General Fund and \$42,429 in the Permanent Improvement capital projects fund.

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

The assessed values upon which fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Real	\$4,237,118,880	82.62%	\$4,494,743,511	84.16%
Public Utility	287,551,530	5.61	234,592,870	4.39
Tangible Personal	603,727,487	11.77	611,357,877	11.45
Total Assessed Value	<u>\$5,128,397,897</u>	<u>100.00%</u>	<u>\$5,340,694,258</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$3.20	

The School District passed a one mill permanent improvement levy in the November 2003 election.

Note 8 - Payment in Lieu of Taxes

According to State law, the Career Center has entered into agreements with a number of property owners under which the Career Center has granted property tax abatements to those property owners. The property owners have agreed to make payments to the Career Center which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The payment is received annually either as an agreed upon flat amount per year or the amount of estimated taxes that would have been due in that fiscal year. Most of the agreements are for a ten year period. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires.

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance at 6/30/03	Additions	Reductions	Balance at 6/30/04
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$4,071,996	\$336,024	\$0	\$4,408,020
Construction in Progress	0	629,217	0	629,217
Total Nondepreciable Capital Assets	<u>4,071,996</u>	<u>965,241</u>	<u>0</u>	<u>5,037,237</u>

(continued)

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	Balance at 6/30/03	Additions	Reductions	Balance at 6/30/04
Depreciable Capital Assets				
Land Improvements	396,682	0	0	396,682
Buildings and Building Improvements	14,377,796	48,000	0	14,425,796
Furniture, Fixtures, and Equipment	2,858,483	106,758	(38,186)	2,927,055
Vehicles	904,374	24,000	(50,934)	877,440
Total Depreciable Capital Assets	18,537,335	178,758	(89,120)	18,626,973
Less Accumulated Depreciation				
Land Improvements	(\$266,419)	(\$21,927)	\$0	(\$288,346)
Buildings and Building Improvements	(8,733,625)	(515,529)	0	(9,249,154)
Furniture, Fixtures, and Equipment	(1,457,203)	(160,610)	36,611	(1,581,202)
Vehicles	(535,110)	(84,939)	38,491	(581,558)
Total Accumulated Depreciation	(10,992,357)	(783,005)	75,102	(11,700,260)
Depreciable Capital Assets, Net	7,544,978	(604,247)	(14,018)	6,926,713
Governmental Activities Capital Assets, Net	\$11,616,974	\$360,994	(\$14,018)	\$11,963,950

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$25,835
Special	39,666
Vocational	508,844
Adult/Continuing	2,452
Support Services:	
Pupils	54,518
Instructional Staff	38,204
Administration	30,057
Fiscal	441
Operation and Maintenance of Plant	56,463
Noninstructional Services	26,525
Total Depreciation Expense	\$783,005

Note 10 - Interfund Assets/Liabilities

At June 30, 2004, the General Fund had an interfund receivable from other governmental funds, in the amount of \$154,015, to provide cash flow resources until the receipt of grants.

Penta County Joint Vocational School District
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Note 11 - Risk Management

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the Career Center contracted for the following insurance coverage.

Coverage provided by Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$1,000,000
Aggregate	3,000,000
Excess Liability	2,000,000

Coverage provided by Consolidated Insurance Company is as follows:

Building	44,432,304
Computer Equipment	2,425,653
Computer Software	100,000
Commercial Crime	50,000
Automobile Liability	1,000,000

Coverage provided by Indiana Insurance Company is as follows:

Boiler	10,000,000
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Coverage provided by Great American Insurance Group is as follows:

Builders Risk	80,000,000
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Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year. The Career Center did not have builders' risk insurance in the prior fiscal year as building construction began in fiscal year 2004.

The Career Center participates in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

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

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Co., provides administrative, cost control, and actuarial services to the Plan.

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The Career Center participates in the Wood County Insurance Consortium (WCIC), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. The Career Center pays monthly premiums to the WCIC for medical and dental benefits. Upon withdrawal from the WCIC, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Note 12 - Contractual Obligations

As of June 30, 2004, the School District had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
Rudolph/Libbe, Inc.	Construction Manager	\$4,465,973
TCI/TMP	Architect/Engineer	4,652,538

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salary and the Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The Career Center's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2004, 2003, and 2002 was \$1,563,468, \$1,511,137, and \$1,358,031, respectively; 86 percent has been contributed for fiscal year 2004 and 100 percent has been contributed for fiscal years 2003 and 2002. Contributions for the DCP and CP for the fiscal year ended June 30, 2004, were \$11,204 made by the Career Center and \$19,190 made by plan members.

B. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. 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 financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salary and the Career Center was required to contribute an actuarially determined rate. The rate for fiscal year 2004 was 14 percent of annual covered payroll; 9.09 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$291,541, \$283,683, and \$269,793, respectively; 92 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2004, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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Note 14 - Postemployment Benefits

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

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount was \$109,313.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000, and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A 50 percent premium reduction is allowed for retirees whose household income falls below federal poverty levels.

For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$24,500. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$132,234 for fiscal year 2004.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805, and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

Note 15 - Other Employee Benefits

A. Compensated Absences

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

Penta County Joint Vocational School District
 dba Penta Career Center
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2004

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred seventy-five days for teachers, administrators, and administrative support staff, and two hundred seventy days for classified employees. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of sixty-eight and three-fourths days for teachers, administrators and administrative support staff, if retirement is during the school year. If the effective date of retirement is not during the school year, payment is made for 26 percent of their accrued, but unused sick leave credit to a maximum of seventy-one and one-half days for teachers, administrators, and administrative support staff.

Upon retirement, classified employees are entitled to one-fourth of their accrued, but unused sick leave credit to a maximum of sixty-seven and one half days for classified employees.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Wood County Insurance Consortium. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource. Vision coverage is provided through Vision Service Plan.

C. Special Termination Benefit

The Career Center provides a special termination benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System and who has ten years of service with the Career Center will be paid \$1,500 if notification of pending retirement is submitted in writing to the Superintendent no later than March 1 for the retirement effective at the end of the current school year or prior to the following school year.

Note 16 - Long-Term Obligations

Changes in the Career Center's long-term obligations during fiscal year 2004 were as follows:

	Balance at 6/30/03	Additions	Reductions	Balance at 6/30/04	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
2002 Land Acquisition Bonds 2.5 - 5.25%	\$3,225,000	\$0	\$300,000	\$2,925,000	\$310,000
2004 Certificates of Participation 1.4 - 5%	0	65,000,000	0	65,000,000	1,135,000
Premium on Certificates of Participation	0	913,795	2,989	910,806	0
Total General Long Term Obligations	3,225,000	65,913,795	302,989	68,835,806	1,445,000
Compensated Absences Payable	2,130,979	163,033	73,902	2,220,110	130,052
Total Governmental Activities Long-Term Obligations	\$5,355,979	\$66,076,828	\$376,891	\$71,055,916	\$1,575,052

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Land Acquisition General Obligation Bonds - In fiscal year 2002, the Career Center issued \$3,500,000 in unvoted general obligation bonds to acquire land. The bonds were issued for a ten year period, with final maturity on December 1, 2011. The bonds are being retired from the Permanent Improvement capital projects fund, with transfers from the General Fund.

Certificates of Participation - On March 1, 2004, the Career Center entered into a lease agreement with the Agricultural Incubator Foundation for constructing, equipping, and furnishing a new campus facility. The Agricultural Incubator Foundation entered into an agreement with a trustee through which it assigned and transferred its rights, title, and interest under the lease to Huntington Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance of the Certificates will be used to construct the new campus.

Terms of the trust indenture require a portion of the proceeds to be set aside for current and future Certificate payments. The current Certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account is used solely to make rent payments if a deficiency exists in the current Certificate payment account and, if all payments are current, to make payment of the last Certificate payments.

The obligation of the Career Center under the lease and any subsequent lease renewal is subject to the annual appropriation of the rental payments. Legal title to the facilities remains with the trustee until all payments required under the lease have been made. At that time, title will be transferred to the Career Center. In the event the Career Center defaults on the lease, after thirty days the lessor may lease the campus to a new tenant. Under terms of the lease agreement, the Career Center may not lease, acquire, or allocate funds to acquire functionally similar facilities for thirty days after default. The lease obligation will be paid from a one mill permanent improvement property tax levy.

The Certificates of Participation are not a general obligation of the Career Center and are payable only from appropriations by the Career Center for annual lease payments.

At June 30, 2004, the total amount of these proceeds expended for governmental construction and costs associated with issuance was \$1,587,224.

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

The Career Center's overall debt margin was \$477,737,483 with an unvoted debt margin of \$2,415,694 at June 30, 2004.

Penta County Joint Vocational School District
 dba Penta Career Center
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2004

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2004, were as follows:

Fiscal Year Ending	Land Acquisition Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2005	\$310,000	\$123,772	\$1,135,000	\$3,062,281
2006	330,000	109,670	1,205,000	2,810,831
2007	340,000	96,348	1,220,000	2,792,756
2008	355,000	81,656	1,250,000	2,765,306
2009	370,000	64,223	1,300,000	2,715,306
2010-2014	1,220,000	83,730	7,230,000	12,836,731
2015-2019	0	0	8,845,000	11,221,462
2020-2024	0	0	11,185,000	8,886,650
2025-2029	0	0	14,015,000	6,062,450
2030-2034	0	0	17,615,000	2,456,263
Totals	<u>\$2,925,000</u>	<u>\$559,399</u>	<u>\$65,000,000</u>	<u>\$55,610,036</u>

Note 17 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2004.

	Textbooks	Capital Improvements
Balance June 30, 2003	\$0	\$0
Current Year Set Aside Requirement	244,104	244,104
Qualifying Expenditures	(244,104)	(244,104)
Balance June 30, 2004	<u>\$0</u>	<u>\$0</u>

Note 18 - Interfund Transfers

During fiscal year 2004, the General Fund made transfers to the Permanent Improvement capital projects fund, in the amount of \$2,000,000, to pay on the land acquisition general obligation bonds and to set aside resources for the construction of a new campus. The General Fund also made transfers to other governmental funds, in the amount of \$266,588, to subsidize the operations of food service and adult education.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The Building capital projects fund made transfers to other governmental funds, in the amount of \$4,197,281, to establish debt reserves per the trustee agreement for the certificates of participation.

Note 19 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The Career Center is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2004, the Career Center paid \$54,931 to NWOCA for various services. Financial information can be obtained from Robin Pfund, who serves as Interim Treasurer, 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from Robin Pfund, who serves as Interim Treasurer, 22-900 State Route 34, Archbold, Ohio 43502.

Note 20 - Insurance Pools

A. Ohio School Plan

The Career Center participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

C. Wood County Insurance Consortium

The Wood County Insurance Consortium (WCIC) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. WCIC is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the WCIC.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the WCIC is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Sharon Gigandet, Medical Mutual of Ohio, 3737 Sylvania Avenue, Toledo, Ohio 43623.

Note 21 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

The Career Center is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Penta County Joint Vocational School District
dba Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 22 - Contingencies

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2004.

B. Litigation

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

Penta County Joint Vocational School District
dba Penta Career Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$9,459,866	\$9,459,866	\$9,505,029	\$45,163
Payment in Lieu of Taxes	0	133,913	133,913	0
Intergovernmental	11,233,252	11,857,943	11,528,319	(329,624)
Interest	75,000	53,000	65,990	12,990
Tuition and Fees	0	35,520	35,520	0
Charges for Services	281,917	421,793	395,315	(26,478)
Extracurricular Activities	12,000	12,000	13,470	1,470
Gifts and Donations	80,000	7,700	7,700	0
Miscellaneous	10,100	47,600	80,713	33,113
<i>Total Revenues</i>	<u>21,152,135</u>	<u>22,029,335</u>	<u>21,765,969</u>	<u>(263,366)</u>
Expenditures				
Current:				
Instruction:				
Regular	739,393	739,393	724,002	(15,391)
Special	950,829	950,829	900,313	(50,516)
Vocational	10,193,605	10,193,605	9,936,866	(256,739)
Adult/Continuing	3,420	169,951	169,951	0
Support Services:				
Pupils	1,877,805	1,899,386	1,848,893	(50,493)
Instructional Staff	1,799,659	1,828,301	1,754,339	(73,962)
Board of Education	74,938	74,938	71,683	(3,255)
Administration	1,542,402	1,472,402	1,158,575	(313,827)
Fiscal	516,726	516,726	527,895	11,169
Operation and Maintenance of Plant	2,596,398	2,596,398	2,089,590	(506,808)
Central	273,306	273,306	214,999	(58,307)
Noninstructional Services	315,265	306,765	290,186	(16,579)
<i>Total Expenditures</i>	<u>20,883,746</u>	<u>21,022,000</u>	<u>19,687,292</u>	<u>(1,334,708)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>268,389</u>	<u>1,007,335</u>	<u>2,078,677</u>	<u>1,071,342</u>
Other Financing Sources (Uses)				
Other Financing Uses	(200,000)	(200,000)	0	200,000
Advances In	121,679	121,679	147,286	25,607
Advances Out	(123,515)	(123,515)	(154,015)	(30,500)
Transfers Out	(750,000)	(2,266,588)	(2,266,588)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(951,836)</u>	<u>(2,468,424)</u>	<u>(2,273,317)</u>	<u>195,107</u>
<i>Net Change in Fund Balance</i>	(683,447)	(1,461,089)	(194,640)	1,266,449
<i>Fund Balance at Beginning of Year</i>	2,678,647	2,678,647	2,678,647	0
<i>Prior Year Encumbrances Appropriated</i>	<u>560,966</u>	<u>560,966</u>	<u>560,966</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,556,166</u>	<u>\$1,778,524</u>	<u>\$3,044,973</u>	<u>\$1,266,449</u>

See accompanying notes to this schedule

Penta County Joint Vocational School District
dba Penta Career Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual (continued)
General Fund
For the Fiscal Year Ended June 30, 2004

Notes:

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

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

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

Net Change in Fund Balance	
GAAP Basis	\$554,499
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2003, Received in Cash FY 2004	788,122
Accrued FY 2004, Not Yet Received in Cash	(1,000,177)
Expenditure Accruals:	
Accrued FY 2003, Paid in Cash FY 2004	(2,258,653)
Accrued FY 2004, Not Yet Paid in Cash	2,165,984
Cash on Hand at Beginning of Year	35
Cash on Hand at End of Year	(2,376)
Prepaid Items	(16,103)
Advances In	147,286
Advances Out	(154,015)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(419,242)
Budget Basis	(\$194,640)

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Federal Grantor/ Pass – Through Grantor/ Program Title	Grantor Number	CFDA Number	Award Amount	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Pell Grant	1340946365A1	84.063	\$177,808	\$177,808	\$177,808
<i>Pass through Ohio Department of Education</i>					
VEA-II Funds (Secondary)	CP II-S04	84.048	400,960	296,435	400,960
VEA-II Funds (Adult)	CP II-A04	84.048	52,911	46,359	52,911
VEA-II Funds (Secondary)	CP II-S03	84.048	413,862	62,079	0
VEA-II Funds (Adult)	CP II-A03	84.048	52,911	7,877	0
Pre-Employment Training	VEAWER-D-2003-PET-2	84.048	10,000	1,500	0
			930,644	414,250	453,871
Adult Basic Education – FY 2003	AB-S1-03	84.002	131,855	61,318	8,310
Adult Basic Education – FY 2004	AB-S1-04	84.002	122,969	122,969	122,969
			254,824	184,287	131,279
Title IV-A – Safe and Drug Free Schools	051359-DRS1-2004	84.186	7,706	4,625	3,854
Title V – Innovative Education	051359-C2S1-2004	84.298	20,397	25,173	20,397
Title II-A – Improving Teacher Quality	051359-TRS1-2004	84.367	18,538	17,192	18,538
Workforce Higher Skills FY 03	051359-WF-HS-2003	17.258	25,000	12,334	12,334
Workforce Higher Skills FY 04	051359-WF-HS-2004	17.258	11,000	7,000	11,000
			36,000	19,334	23,334
TOTAL DEPARTMENT OF EDUCATION			1,445,917	842,669	829,081
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Pass through Ohio Department of Education</i>					
Food Distribution Program	Nutrition Cluster	10.550		23,286	23,286
National School Lunch Program	Nutrition Cluster	10.555		56,901	56,901
TOTAL DEPARTMENT OF AGRICULTURE				80,187	80,187
TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS				\$922,856	\$909,268

NOTE – Food Distribution
 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. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Board of Education
Penta County Joint Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta County Joint Vocational School District, dba Penta Career Center ("Career Center"), as of and for the year ended June 30, 2004, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Career Center in a separate letter dated December 15, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Career Center in a separate letter dated December 15, 2004.

Board of Education
Page Two

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

Weber O'Brien Ltd.

December 15, 2004



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

Board of Education
Penta County Joint Vocational School District
dba Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

Compliance

We have audited the compliance of Penta County Joint Vocational School District, dba Penta Career Center ("Career Center"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Career Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Career Center's management. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

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

In our opinion, the Career Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Career Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Weber O'Brien Ltd.

December 15, 2004

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
 DBA PENTA CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	___X___ no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	___X___ none reported
Noncompliance material to financial statements noted?	_____ yes	___X___ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	___X___ no
Reportable conditions(s) identified not considered to be material weaknesses?	_____ yes	___X___ none reported

Type of auditors' report issued on compliance for major programs:		<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	___X___ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.002	Adult Basic Literacy Education
84.063	PELL Grant

Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$300,000</u>
Auditee qualified as low risk auditee?	___X___ yes	_____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
DBA PENTA CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2004

NONE



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

PENTA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 5, 2005**