POLARIS CAREER CENTER
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2007

Mary Taylor, CPA
Auditor of State

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For the Fiscal Year Ended June 30, 2007
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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio, (the Center) as of and for the year ended June 30, 2007, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2008, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management

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regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements. The schedule of federal awards receipts and expenditures is required by 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. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 4, 2008

The discussion and analysis of the Polaris Career Center's (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The Center showed an increase in total net assets of $2,536,140 or 17.38 percent during this year's operations. This status was accomplished primarily through added investment planning and a one-time payment from the Ford Motor Company due to an amended return valued around $423,000 that expanded revenue.

- Total Center-wide revenues were $19,188,684. This was a increase of 11.94 percent from the prior year.

- Total program expenses were $16,652,544. This is a decrease of .01 percent.

- The Center has no outstanding debt.

- The Center's business - type activities are comprised of the Food Service program, the Uniform School Supplies program, Customer Service programs and the Adult and Community Education program. The Adult and Community Education program operated without a general fund transfer for a fourth consecutive year.

Using this Annual Financial Report

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

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

Reporting the Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's funds begins on page 9. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's only major governmental fund is the general fund. The Center's only major business-type fund is the adult and community education fund.

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

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

The Center as a Trustee

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

The Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net assets for 2007 compared to 2006.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and Other Assets	$22,280,737	$19,398,947	$508,959	$389,342	$22,789,696	$19,788,289
Capital Assets, Net	5,924,191	6,245,958	115,248	131,884	6,039,439	6,377,842
Total Assets	28,204,928	25,644,905	624,207	521,226	28,829,135	26,166,131
Liabilities						
Current and Other Liabilities	10,026,133	9,854,211	146,451	158,014	10,172,584	10,012,225
Long Term Liabilities:						
Due Within One Year	732,466	919,649	197,901	196,345	930,367	1,115,994
Due in More than One Year	567,991	353,138	25,716	88,437	593,707	441,575
Total Liabilities	11,326,590	11,126,998	370,068	442,796	11,696,658	11,569,794
Net Assets						
Invested in Capital Assets	5,924,191	6,245,958	115,248	131,884	6,039,439	6,377,842
Restricted:						
Capital Projects	994,305	515,180	0	0	994,305	515,180
Set Asides	241,244	241,244	0	0	241,244	241,244
Other Purposes	168	34,427	0	0	168	34,427
Unrestricted (Deficit)	9,718,430	7,481,098	138,891	(53,454)	9,857,321	7,427,644
Total Net Assets	$16,878,338	$14,517,907	$254,139	$78,430	$17,132,477	$14,596,337

The Center was able to maintain its financial health while addressing stagnant revenues, and slow federal reimbursements. Total assets increased primarily through controlling costs that resulted in an increase in the Center's cash balance. Liabilities were increased due to normal inflation on its components and increased wages. The overall net assets improved by 17.38 percent.

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

(Table 2)
Changes in Net Assets

	Governmental		Business-Type		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues						
Charges for Services	$280,986	$223,759	$2,347,518	$2,603,010	$2,628,504	$2,826,769
Operating Grants	726,114	804,471	413,855	445,507	1,139,969	1,249,978
Total Program Revenues	1,007,100	1,028,230	2,761,373	3,048,517	3,768,473	4,076,747
General Revenues:						
Property Taxes	11,141,309	9,141,327	0	0	11,141,309	9,141,327
Grant and Entitlements not Restricted to Specific Programs	3,529,259	3,432,035	0	0	3,529,259	3,432,035
Investment Earnings	600,353	395,706	0	0	600,353	395,706
Other	128,122	63,009	21,168	32,380	149,290	95,389
Total General Revenues	15,399,043	13,032,077	21,168	32,380	15,420,211	13,064,457
Total Revenues	16,406,143	14,060,307	2,782,541	3,080,897	19,188,684	17,141,204
Program Expenses						
Instruction:						
Vocational	6,253,569	5,858,993	0	0	6,253,569	5,858,993
Adult/Continuing	141,851	147,598	0	0	141,851	147,598
Support Services:						
Pupils	1,790,335	1,706,640	0	0	1,790,335	1,706,640
Instructional Staff	1,509,261	1,554,458	0	0	1,509,261	1,554,458
Board of Education	130,731	83,074	0	0	130,731	83,074
Administration	543,509	561,121	0	0	543,509	561,121
Fiscal	626,199	564,065	0	0	626,199	564,065
Business	256,464	251,591	0	0	256,464	251,591
Operation and Maintenance of Plant	1,763,510	1,774,230	0	0	1,763,510	1,774,230
Pupil Transportation	15,821	19,997	0	0	15,821	19,997
Central	914,408	1,015,463	0	0	914,408	1,015,463
Operation of Non-Instructional Services	107	600	0	0	107	600
Extracurricular Activities	29,808	22,216	0	0	29,808	22,216
Food Service Operations	0	0	217,620	218,147	217,620	218,147
Uniform School Supplies	0	0	76,698	73,869	76,698	73,869
Customer Services	0	0	167,524	207,290	167,524	207,290
Adult and Community Education	0	0	2,215,129	2,595,453	2,215,129	2,595,453
Total Expenses	13,975,573	13,560,046	2,676,971	3,094,759	16,652,544	16,654,805
Increase (Decrease) in Net Assets before Transfers	2,430,570	500,261	105,570	(13,862)	2,536,140	486,399
Transfers	(70,139)	(64,525)	70,139	64,525	0	0
Increases in Net Assets	2,360,431	435,736	175,709	50,663	2,536,140	486,399
Net Assets Beginning of Year	14,517,907	14,082,171	78,430	27,767	14,596,337	14,109,938
Net Assets End of Year	$16,878,338	$14,517,907	$254,139	$78,430	$17,132,477	$14,596,337

Analysis of Overall Financial Position and Results of Operation

The financial position of the Center has improved. A historical trend to underspend appropriations intensified and resulted in reducing discretionary spending. That more than offset 2 percent negotiated raises. Property taxes increased due to the reappraisal year. The overall result is a 0.01 percent decrease in expenses while the revenues increased by 11.94 percent.

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

(Table 3)
Governmental Activities

Programs	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Instruction:				
Vocational	$6,253,569	($5,730,278)	$5,858,993	($5,380,909)
Adult/Continuing	141,851	(37,741)	147,598	(29,058)
Support Services:				
Pupils	1,790,335	(1,642,215)	1,706,640	(1,506,520)
Instructional Staff	1,509,261	(1,426,385)	1,554,458	(1,472,516)
Board of Education	130,731	(127,844)	83,074	(81,592)
Administration	543,509	(531,635)	561,121	(551,212)
Fiscal	626,199	(612,477)	564,065	(554,102)
Business	256,464	(250,825)	251,591	(247,128)
Operation and Maintenance of Plant	1,763,510	(1,724,829)	1,774,230	(1,742,899)
Pupil Transportation	15,821	(15,472)	19,997	(19,640)
Central	914,408	(839,594)	1,015,464	(924,303)
Operation of Non-Instructional Services	107	(28)	600	(118)
Extracurricular Activities	29,808	(29,150)	22,216	(21,820)
Total Expenses	$13,975,573	($12,968,473)	$13,560,047	($12,531,817)

The Center's Funds

As previously stated, governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenue of $15,956,645 an increase of 14.21 percent from the prior year and expenditures of $13,612,110 which were 3.91 percent higher than the prior year. The net change in fund balance for the year increased in 2007 by 26.55 percent. Balances are expected to be drawn down during the next 5 years projection as inflation on the Center's normal operating expenditures will exceed the every third year growth in tax collections due to the 2 mill floor.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, the Center amended its general fund budget monthly as defined by individual team needs. The Center uses electronic budgeting process to submit requests for inclusion in the June appropriation submission to the Board. Because of that early adoption of appropriations prior to completion of staffing levels, fiscal year 2007 appropriations were underspent as the Center's reallocation of resources resulted in multiple staff reductions and administration controls on approving requisitions tightened. The original general fund appropriations of $14,016,748 were increased to $14,466,748 by fiscal year end, but actual expenditures and other financing uses only amounted to $13,795,000, resulting in underspending final appropriations by 4.64 percent.

Capital Assets

At the end of fiscal year 2007 the Center had $6,039,439 invested in land, buildings and improvements, furniture and equipment, and vehicles, $5,924,191 in governmental activities. Table 4 shows fiscal 2007 balances compared to 2006.

(Table 4)
Capital Assets at June 30, 2007
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$261,490	$261,490	$0	$0	$261,490	$261,490
Buildings and Improvements	4,052,184	4,279,710	0	0	4,052,184	4,279,710
Furniture and Equipment	1,595,053	1,678,714	115,248	131,884	1,710,301	1,810,598
Vehicles	15,464	26,044	0	0	15,464	26,044
Total	$5,924,191	$6,245,958	$115,248	$131,884	$6,039,439	$6,377,842

The decrease was the result of current year depreciation expense. Please see Note 9 for more information.

Center Outlook

Most of the Center's efforts are focused on controlling expenditures. Reduction of capital purchases and staffing are first priorities with negotiations in fiscal year 2007 critical to containing staff compensation and fringe benefits. The recent membership in a multi-Center health consortium has held rate increases to below trends in health care.

Because the Center is at the 2 mill floor for Career Center operations it receives regular tax revenue growth every third year. Even though the voted tax rate is 2.4 mills, due to H.B. 920 the amount of tax revenue cannot increase with the inflation of assessed valuations. This in effect reduces the tax rate to a lower "effective" rate to maintain the consistent revenue inflow. The Career Center's effective millage would be less than 2 mills, but due to the 2 mill floor, the effective rate my never go any lower than 2 mills. The key to the future is in controlling costs. Fiscal year 2007 was successful in balancing of revenues and expenditures due to controlling the number of staff members employed.

Contacting the Center's Financial Management

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

Polaris Career Center
Statement of Net Assets
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$10,759,366	$520,288	$11,279,654
Accounts Receivable	2,910	0	2,910
Intergovernmental Receivable	6,400	0	6,400
Internal Balances	12,588	(12,588)	0
Inventory Held for Resale	0	1,259	1,259
Materials and Supplies Inventory	31,685	0	31,685
Property Taxes Receivable	11,467,788	0	11,467,788
Nondepreciable Capital Assets	261,490	0	261,490
Depreciable Capital Assets, Net	5,662,701	115,248	5,777,949
Total Assets	28,204,928	624,207	28,829,135
Liabilities			
Accounts Payable	37,378	7,845	45,223
Accrued Wages and Benefits Payable	973,979	118,185	1,092,164
Intergovernmental Payable	192,415	20,421	212,836
Deferred Revenue	8,725,542	0	8,725,542
Matured Bonds Payable	250	0	250
Claims Payable	96,569	0	96,569
Long-Term Liabilities:			
Due Within One Year	732,466	197,901	930,367
Due in More Than One Year	567,991	25,716	593,707
Total Liabilities	11,326,590	370,068	11,696,658
Net Assets			
Invested in Capital Assets	5,924,191	115,248	6,039,439
Restricted for:			
Capital Projects	994,305	0	994,305
Set Asides	241,244	0	241,244
Other Purposes	168	0	168
Unrestricted	9,718,430	138,891	9,857,321
Total Net Assets	$16,878,338	$254,139	$17,132,477

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2007

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
Instruction:			
Vocational	$6,253,569	$120,283	$403,008
Adult/Continuing	141,851	0	104,110
Support Services:			
Pupils	1,790,335	36,902	111,218
Instructional Staff	1,509,261	31,482	51,394
Board of Education	130,731	2,887	0
Administration	543,509	11,874	0
Fiscal	626,199	13,722	0
Business	256,464	5,639	0
Operation and Maintenance of Plant	1,763,510	38,681	0
Pupil Transportation	15,821	349	0
Central	914,408	18,509	56,305
Operation of Non-Instructional Services	107	0	79
Extracurricular Activities	29,808	658	0
Total Governmental Activities	13,975,573	280,986	726,114
Business-Type Activities			
Food Service Operations	217,620	107,349	26,625
Uniform School Supplies	76,698	66,673	0
Customer Services	167,524	165,595	0
Adult and Community Education	2,215,129	2,007,901	387,230
Total Business-Type Activities	2,676,971	2,347,518	413,855
Totals	$16,652,544	$2,628,504	$1,139,969

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
($5,730,278)	$0	($5,730,278)
(37,741)	0	(37,741)
(1,642,215)	0	(1,642,215)
(1,426,385)	0	(1,426,385)
(127,844)	0	(127,844)
(531,635)	0	(531,635)
(612,477)	0	(612,477)
(250,825)	0	(250,825)
(1,724,829)	0	(1,724,829)
(15,472)	0	(15,472)
(839,594)	0	(839,594)
(28)	0	(28)
(29,150)	0	(29,150)
(12,968,473)	0	(12,968,473)
0	(83,646)	(83,646)
0	(10,025)	(10,025)
0	(1,929)	(1,929)
0	180,002	180,002
0	84,402	84,402
(12,968,473)	84,402	(12,884,071)
11,141,309	0	11,141,309
3,529,259	0	3,529,259
600,353	0	600,353
128,122	21,168	149,290
15,399,043	21,168	15,420,211
(70,139)	70,139	0
15,328,904	91,307	15,420,211
2,360,431	175,709	2,536,140
14,517,907	78,430	14,596,337
$16,878,338	$254,139	$17,132,477

Polaris Career Center
Balance Sheet
Governmental Funds
June 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$9,199,026	$994,948	$10,193,974
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	241,244	0	241,244
Accounts Receivable	750	0	750
Interfund Receivable	69,822	0	69,822
Intergovernmental Receivable	0	6,400	6,400
Materials and Supplies Inventory	31,685	0	31,685
Property Taxes Receivable	11,467,788	0	11,467,788
Total Assets	$21,010,315	$1,001,348	$22,011,663
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$26,311	$0	$26,311
Accrued Wages and Benefits	964,491	9,488	973,979
Intergovernmental Payable	176,714	15,701	192,415
Deferred Revenue	9,797,001	6,400	9,803,401
Interfund Payable	0	27,542	27,542
Matured Interest Payable	0	250	250
Total Liabilities	10,964,517	59,381	11,023,898
Fund Balances			
Reserved for Encumbrances	406,984	225	407,209
Reserved for Property Taxes	1,219,632	0	1,219,632
Reserved for Budget Stabilization	241,244	0	241,244
Unreserved (Deficit), Undesignated Reported in:			
General Fund	8,177,938	0	8,177,938
Special Revenue Funds	0	(52,563)	(52,563)
Capital Projects Funds	0	994,305	994,305
Total Fund Balances	10,045,798	941,967	10,987,765
Total Liabilities and Fund Balances	$21,010,315	$1,001,348	$22,011,663

See accompanying notes to the basic financial statements

Polaris Career Center
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2007

Total Governmental Funds Balances		$10,987,765
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,924,191
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	1,071,459	
Intergovernmental	6,400	
Total		1,077,859
Long-term liabilities such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(1,300,457)
The internal service funds are used by management to charge the costs of insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		218,672
An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.		(29,692)
Net Assets of Governmental Activities		$16,878,338

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$10,650,718	$0	$10,650,718
Intergovernmental	3,529,259	767,207	4,296,466
Interest	600,353	0	600,353
Tuition and Fees	277,896	0	277,896
Rentals	3,090	0	3,090
Miscellaneous	128,122	0	128,122
Total Revenues	15,189,438	767,207	15,956,645
Expenditures			
Current:			
Instruction:			
Vocational	5,424,784	407,589	5,832,373
Adult/Continuing	0	160,605	160,605
Support Services:			
Pupil	1,657,905	111,565	1,769,470
Instructional Staff	1,441,133	64,950	1,506,083
Board of Education	130,731	0	130,731
Administration	506,180	1,250	507,430
Fiscal	589,443	0	589,443
Business	258,137	0	258,137
Operation and Maintenance of Plant	1,758,667	828	1,759,495
Pupil Transportation	15,821	0	15,821
Central	866,175	33,174	899,349
Operation of Non-instructional Services	0	107	107
Extracurricular Activities	29,808	0	29,808
Capital Outlay	153,258	0	153,258
Total Expenditures	12,832,042	780,068	13,612,110
Excess of Revenues Over/(Under) Expenditures	2,357,396	(12,861)	2,344,535
Other Financing Sources (Uses)			
Sale of Capital Assets	1,813	29,125	30,938
Transfers In	0	450,000	450,000
Transfers Out	(520,139)	0	(520,139)
Total Other Financing Sources (Uses)	(518,326)	479,125	(39,201)
Net Change in Fund Balances	1,839,070	466,264	2,305,334
Fund Balances Beginning of Year	8,206,728	475,703	8,682,431
Fund Balances End of Year	$10,045,798	$941,967	$10,987,765

See accompanying notes to the basic financial statements

Polaris Career Center

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances -Total Governmental Funds		$2,305,334
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	287,935	
Current Year Depreciation	(520,025)	
Total		(232,090)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(89,677)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	490,591	
Intergovernmental	(41,093)	
Total		449,498
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		(27,670)
Internal service fund used by management to charge the cost of insurance to individual funds is not reported in the expenditures and related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(44,964)
Change in Net Assets of Governmental Activities		$2,360,431

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget Positve (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$10,000,000	$10,000,000	$10,015,452	$15,452
Intergovernmental	3,000,000	3,000,000	3,576,878	576,878
Interest	500,000	500,000	587,786	87,786
Tuition and Fees	200,000	200,000	278,425	78,425
Rentals	0	0	3,090	3,090
Miscellaneous	112,755	112,755	128,122	15,367
Total Revenues	13,812,755	13,812,755	14,589,753	776,998
Expenditures				
Current:				
Instruction:				
Vocational	5,809,393	5,715,975	5,395,789	320,186
Support Services:				
Pupil	1,626,518	1,651,718	1,651,268	450
Instructional Staff	1,644,227	1,731,021	1,500,639	230,382
Board of Education	223,065	223,065	145,941	77,124
Administration	683,126	683,136	500,753	182,383
Fiscal	586,784	596,784	595,862	922
Business	280,204	287,204	266,029	21,175
Operation and Maintenance of Plant	2,036,904	2,007,404	1,842,540	164,864
Pupil Transportation	26,700	26,700	19,985	6,715
Central	1,024,077	1,045,442	889,357	156,085
Extracurricular Activities	20,750	30,299	28,948	1,351
Capital Outlay	55,000	468,000	410,208	57,792
Total Expenditures	14,016,748	14,466,748	13,247,319	1,219,429
Excess of Revenues Over (Under) Expenditures	(203,993)	(653,993)	1,342,434	1,996,427
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	1,813	1,813
Transfers Out	0	0	(520,139)	(520,139)
Advances In	0	0	65,140	65,140
Advances Out	0	0	(27,542)	(27,542)
Total Other Financing Sources (Uses)	0	0	(480,728)	(480,728)
Net Change in Fund Balances	(203,993)	(653,993)	861,706	1,515,699
Fund Balance at Beginning of Year	8,003,976	8,003,976	8,003,976	0
Prior Year Encumbrances Appropriated	124,728	124,728	124,728	0
Fund Balance End of Year	$7,924,711	$7,474,711	$8,990,410	$1,515,699

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Fund Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2007

	Business-Type Activites - Enterprise Funds			
	Adult and Community Education	Non-Major Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Assets				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	$429,756	$90,532	$520,288	$324,148
Inventory Held for Resale	0	1,259	1,259	0
Accounts Receivable	0	0	0	2,160
Total Current Assets	429,756	91,791	521,547	326,308
Noncurrent Assets				
Depreciable Capital Assets, Net	85,578	29,670	115,248	0
Total Assets	515,334	121,461	636,795	326,308
Liabilities				
Current Liabilities				
Accounts Payable	6,531	1,314	7,845	11,067
Accrued Wages and Benefits Payable	113,099	5,086	118,185	0
Intergovernmental Payable	12,121	8,300	20,421	0
Interfund Payable	0	42,280	42,280	0
Claims Payable	0	0	0	96,569
Compensated Absences Payable	186,868	11,033	197,901	0
Total Current Liabilities	318,619	68,013	386,632	107,636
Long-Term Liabilities				
Compensated Absences Payable	25,186	530	25,716	0
Total Liabilities	343,805	68,543	412,348	107,636
Net Assets				
Invested in Capital Assets	85,578	29,670	115,248	0
Unrestricted	85,951	23,248	109,199	218,672
Total Net Assets	$171,529	$52,918	224,447	$218,672
Net assets reported for business-type activities in the statement of net assets are different because their share of internal service fund assets and liabilities is included.			29,692	
Net assets of business-type activities			$254,139	

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
Operating Revenues				
Charges for Services	$0	$165,595	$165,595	$467,533
Tuition and Fees	2,007,287	0	2,007,287	0
Sales	614	174,022	174,636	0
Miscellaneous	132	23,905	24,037	0
Total Operating Revenues	2,008,033	363,522	2,371,555	467,533
Operating Expenses				
Salaries	1,359,885	81,728	1,441,613	0
Fringe Benefits	375,378	37,095	412,473	0
Purchased Services	252,252	1,540	253,792	11,194
Materials and Supplies	207,700	333,995	541,695	0
Depreciation	15,959	2,876	18,835	0
Claims Expense	0	0	0	508,367
Other	1,053	2,819	3,872	0
Total Operating Expenses	2,212,227	460,053	2,672,280	519,561
Operating Loss	(204,194)	(96,531)	(300,725)	(52,028)
Non-Operating Revenues (Expenses)				
Federal and State Subsidies	387,230	26,625	413,855	0
Other	0	4,195	4,195	0
Loss on Sale of Capital Assets	(2,902)	(1,789)	(4,691)	0
Total Non-Operating Revenues (Expenses)	384,328	29,031	413,359	0
Income (Loss) Before Transfers	180,134	(67,500)	112,634	(52,028)
Transfers In	0	70,139	70,139	0
Change in Net Assets	180,134	2,639	182,773	(52,028)
Net Assets (Deficit) at Beginning of Year	(8,605)	50,279		270,700
Net Assets at End of Year	$171,529	$52,918		$218,672
Some amounts reported for business-type activities in the statement of activities are different because their share of the change in internal service fund assets and liabilities is included.			(7,064)	
Change in net assets of business-type activities			$175,709	

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$2,007,901	$343,450	$2,351,351	$467,533
Cash Received from Other Operating Revenues	132	23,905	24,037	0
Cash Payments to Suppliers for Goods and Services	(456,743)	(327,510)	(784,253)	(10,835)
Cash Payments to Employees for Services	(1,423,026)	(81,914)	(1,504,940)	0
Cash Payments for Employee Benefits	(386,115)	(39,930)	(426,045)	0
Cash Payments for Claims	0	0	0	(487,592)
Cash Payments for Other Operating Expenses	(1,053)	(2,819)	(3,872)	0
Net Cash Used for Operating Activities	(258,904)	(84,818)	(343,722)	(30,894)
Cash Flows from Noncapital Financing Activities				
Grants	391,010	20,733	411,743	0
Miscellaneous	0	4,195	4,195	0
Transfers In	0	70,139	70,139	0
Net Cash Provided by Noncapital Financing Activities	391,010	95,067	486,077	0
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(5,290)	(1,600)	(6,890)	0
Net Increase (Decrease) in Cash and Cash Equivalents	126,816	8,649	135,465	(30,894)
Cash and Cash Equivalents Beginning of Year	302,940	81,883	384,823	355,042
Cash and Cash Equivalents End of Year	$429,756	$90,532	$520,288	$324,148

(continued)

Polaris Career Center

Statement of Cash Flows

Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	All Other Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Fund
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating Loss	($204,194)	($96,531)	($300,725)	($52,028)
Adjustments:				
Depreciation	15,959	2,876	18,835	0
Donated Commodities Received During the Year	0	8,322	8,322	0
(Increase)/Decrease in Assets:				
Accounts Receivable	0	3,833	3,833	(2,160)
Inventory Held for Resale	0	(1,259)	(1,259)	0
Increase/(Decrease) in Liabilities:				
Accounts Payable	3,209	962	4,171	2,519
Accrued Wages Payable	(2,994)	832	(2,162)	0
Compensated Absences Payable	(60,147)	(1,018)	(61,165)	0
Intergovernmental Payable	(10,737)	(2,835)	(13,572)	0
Claims Payable	0	0	0	20,775
Total Adjustments	(54,710)	11,713	(42,997)	21,134
Net Cash Used for Operating Activities	($258,904)	($84,818)	($343,722)	($30,894)

Noncash Activities

The Food Service Fund received $8,322 in donated commodities.

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

	Private Purpose Trust Special Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$10,360	$72,675
Liabilities		
Due to Others	0	$42,226
Due to Students	0	30,449
Total Liabilities		$72,675
Net Assets		
Held in Trust for Scholarships	$10,360	

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Changes in Fiduciary Net Assets

Private Purpose Trust Fund

For the Fiscal Year Ended June 30, 2007

	Special Trust
Additions	
Unclaimed Funds	$672
Deductions	
Supplies and Materials	197
Change in Net Assets	475
Net Assets Beginning of Year	9,885
Net Assets End of Year	$10,360

See accompanying notes to the basic financial statements

Note 1 - Description of the Center and Reporting Entity

The Polaris Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of seven members which is comprised of one board member from each of the elected boards of the participating school districts. Members serve a two year term except for one rotating member picked by the member school districts to serve a one year term. Berea City School District, Brooklyn City School District, Fairview Park City School District, North Olmsted City School District, Olmsted Falls City School District, and Strongsville City School District are the member districts. The Center employs 9 administrative and supervisory personnel, 57 certified employees and 67 non-certificated employees who provide services to 530 students and other community members.

Reporting Entity

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

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

The Center participates in a jointly governed organization and two public entity risk pools. The jointly governed organization is the Ohio Schools Council Association and the public entity risk pools are the Ohio School Boards Association Workers' Compensation Group Rating Program and the Suburban Health Consortium. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

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

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

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

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

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

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

C. Measurement Focus

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

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

During fiscal year 2007, investments were limited to Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, a Repurchase Agreement, and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2007.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 amounted to $600,353 which includes $58,595 assigned from other Center funds.

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

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 17 for additional information regarding set-asides.

H. Inventory

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The Career Center was able to estimate the historical cost for the initial reporting of assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of one thousand dollars. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. None of the Center's restricted net assets are restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for public school preschool.

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

N. Fund Balance Reserves

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

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

O. Operating Revenues and Expenses

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

P. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

Note 3 – Compliance and Accountability

A. Compliance

Contrary to Section 5705.41(B), Ohio Revised Code, the following funds had expenditures in excess of final appropriations:

	Final Appropriations Plus Prior Year Encumbrances	Expenditures	Excess
Special Revenue Funds			
SchoolNet Professional Development	$2,650	$3,255	$605
Miscellaneous State Grants	0	1,250	1,250

Although the budgetary violations were not corrected by year end, management has indicated that appropriations will be closely monitored to ensure no future violations.

B. Accountability

Fund balances/net assets at June 30, 2007, included the following individual fund deficits:

Special Revenue Funds:	
Miscellaneous State Grants	$190
Adult Basic Education	29,071
Vocational Education	1,217
Miscellaneous Federal Grants	22,028

The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

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

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

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

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

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

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

Net Change in Fund Balance

GAAP Basis	$1,839,070
Net Adjustment for Revenue Accruals	(624,362)
Advances In	65,140
Beginning Fair Value Adjustment for Investments	6,055
Ending Fair Value Adjustment for Investments	18,622
Net Adjustment for Expenditure Accruals	15,961
Advances Out	(27,542)
Encumbrances	(431,238)
Budget Basis	$861,706

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $1,225,000 of the Center's bank balance of $1,331,910 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

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

Investments

Investments are reported at fair value. As of June 30, 2007, the Center had the following investments:

Investment Type	Carrying and Fair Value	Investment Maturities (in Years) Less than 1	1-2
Federal Home Loan Mortgage Corporation Notes	$2,495,187	$2,495,187	$0
Federal National Mortgage Association Notes	3,473,378	1,977,443	1,495,935
Federal Home Loan Bank Notes	1,488,379	1,488,379	0
Repurchase Agreement			
Federal Home Loan Mortgage Corporation Notes	438,303	438,303	0
STAROhio	2,325,424	2,325,424	0
Total Investments	$10,220,671	$8,724,736	$1,495,935

Interest Rate Risk State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily. The Center's investment policy also states that the Center will not invest in any eligible security maturing more than two years from date of settlement if it bears interest at a variable rate.

Credit Risk The Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, and Federal Home Loan Bank Notes carry a rating of AAA by Fitch. The securities underlying the repurchase agreement had a credit risk of AAA by Fitch. STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk The Center places no limit on the amount it may invest in any one issuer. The following is the Center's allocation as of June 30, 2007:

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Notes	24.41 %
Federal National Mortgage Association Notes	33.99
Federal Home Loan Bank Notes	14.56
Repurchase Agreement	
Federal Home Loan Mortgage Corporation Notes	4.29
STAROhio	22.75
Total	100.00 %

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Center's taxing districts. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30. This year, the June 2007 tangible personal property tax settlement from Cuyahoga County was not received until July 2007.

The Center receives property taxes from Cuyahoga and Lorain Counties. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30, and the late personal property tax settlements were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance in the general fund was $1,219,632 at June 30, 2007 and $939,016 at June 30, 2006. The late personal property settlement amount that was received after June 30, 2007 was $451,155.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agriculture/Residential and other Real Estate	$4,536,818,350	89.43%	$4,987,799,410	93.96%
Public Utility Personal	110,780,650	2.18	109,796,550	2.07
Tangible Personal Property	425,464,918	8.39	210,955,098	3.97
	$5,073,063,918	100.00%	$5,308,551,058	100.00%
Tax Rate per $1,000 of assessed valuation	$2.40		$2.40	

Note 7 – Receivables

Receivables at June 30, 2007, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental grants. 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 fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year. The principal item of intergovernmental receivable for fiscal year 2007 is $6,400 from the Adult Basic Education fund.

Note 8 - Risk Management

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2007, the Center contracted with Marsh Insurance for property, crime, inland marine, and automobile coverage. The primary deductibles are $1,000 for property, $1,000 for inland marine and $1,000 for automobile.

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

B. Bonding

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

C. Workers' Compensation

For fiscal year 2007, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

D. Self-Insurance

The Center offers vision, drug card and dental benefits to all eligible employees and their dependents through a self-insurance internal service fund. The Center is self-insured with Klais & Company serving as third-party administrator. The claims liability of $96,569 reported in the internal service fund at June 30, 2007 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustments expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claim liability amount in fiscal years 2006 and 2007 were:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2006	$83,612	$453,800	$461,618	$75,794
2007	75,794	508,367	487,592	96,569

E. Employee Health Benefits

The Center participates in the Suburban Health Consortium, a shared risk pool (Note 16) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Center's Board of Education pays the entire cost of a monthly premium for all full-time employees.

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

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

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
Governmental Activities:				
Capital assets not being depreciated				
Land	$261,490	$0	$0	$261,490
Capital assets being depreciated				
Buildings and Improvements	12,124,052	0	0	12,124,052
Furniture and Equipment	4,940,607	287,935	(339,059)	4,889,483
Vehicles	274,954	0	0	274,954
Total capital assets being depreciated	17,339,613	287,935	(339,059)	17,288,489
Accumulated depreciation				
Buildings	(7,844,342)	(227,526)	0	(8,071,868)
Furniture and Equipment	(3,261,893)	(281,919)	249,382	(3,294,430)
Vehicles	(248,910)	(10,580)	0	(259,490)
Total accumulated depreciation	(11,355,145)	(520,025) *	249,382	(11,625,788)
Capital assets being depreciated, net	5,984,468	(232,090)	(89,677)	5,662,701
Governmental activities capital assets, net	$6,245,958	($232,090)	($89,677)	$5,924,191

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
Business-type activities:				
Equipment	$527,745	$6,890	($33,103)	$501,532
Accumulated depreciation				
Equipment	(395,861)	(18,835) **	28,412	(386,284)
Business-type activities capital assets, net	$131,884	($11,945)	($4,691)	$115,248

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$456,517
Support Services:	
Pupil	568
Instructional Staff	12,052
Administration	1,893
Fiscal	2,811
Business	299
Operation and Maintenance of Plant	6,137
Central	39,748
Total Depreciation Expense	$520,025

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

Food Service	$2,876
Adult and Community Education	15,959
Total Depreciation Expense	$18,835

Note 10 - Pension Plans

A. School Employees Retirement System

The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were $311,900, $309,254, and $304,623 respectively; 96.85 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System

The Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

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

Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were $828,139, $823,294, and $813,258 respectively; 87.72 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were $11,325 made by the Center and $15,391 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Retirement System. As of June 30, 2007, one member of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 11 - Postemployment Benefits

The Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio, (STRS Ohio), and to retired non-certificated 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 obligations 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.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the Center, this amount equaled $63,703 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was $3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were $282,743,000 and STRS Ohio had 119,184 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. 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at $35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled $145,609.

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 the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were $158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of $295.6 million. SERS has 59,492 participants eligible to receive benefits.

Note 12 - Other Employee Benefits

A. Vacation Leave

The Superintendent and twelve-month employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators earn twenty days of vacation per year. School support personnel accumulate vacation based on the following factors:

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

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

B. Sick Leave

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

C. Retirement Severance Pay

Certified Employees

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

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

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

Classified Employees

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

Note 13 - Long-term Obligations

The changes in the Center's long-term obligations during fiscal year 2007 were as follows:

	Outstanding 06/30/06	Additions	Reductions	Outstanding 06/30/07	Amount Due in One Year
Governmental Activities					
Compensated Absences	$1,272,787	$947,319	$919,649	$1,300,457	$732,466
Business-Type Activities					
Compensated Absences	$284,782	$135,180	$196,345	$223,617	$197,901

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

The Center's overall legal debt margin was $477,769,595 with an unvoted debt margin of $5,308,551 at June 30, 2007.

Note 14 - Contingencies

A. Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2007.

B. Litigation

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

Note 15 - Jointly Governed Organization

Ohio Schools Council Association - The Ohio Schools Council Association (Council), is a jointly governed organization among 108 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2007, the Center paid $800 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The Center participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for a forty-four month period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year end and necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued $246,355,000 in debt to purchase eight years of electricity from the Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining pre-payment related to that participant to Energy Acquisition Corp.

The Center also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school district will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued $89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating Centers are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Note 16 – Public Entity Risk Pools

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

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

B. Suburban Health Consortium

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

Note 17 - Set-Asides

The Center is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2007, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2006	$241,244	$0	($2,347,098)
Current Year Set-aside Requirement	0	84,035	84,035
Qualifying Disbursements	0	(342,041)	(346,068)
Totals	$241,244	($258,006)	($2,609,131)
Set-aside Balance Carried Forward to Future Fiscal Years	$241,244	$0	($2,609,131)
Set-aside Reserve Balance as of June 30, 2007	$241,244	$0	$0

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

Note 18 - Interfund Transactions

A. Interfund Transfers

Transfers made during the year ended June 30, 2007 were as follows:

Transfers To	Transfers From General
Capital Projects Fund:	
Permanent Improvement	$450,000
Enterprise Funds:	
Food Service	59,491
Uniform School Supplies	10,648
Total	$520,139

The transfer from the General Fund to the Permanent Improvement Fund was to designate the excess money which was set aside for workers' compensation for future capital purposes and the transfers from the General Fund to the Food Service Fund and Uniform School Supplies Fund were to cover the difference in revenue and expenses.

B. Interfund Balances

Interfund Payable	Interfund Receivable General
Nonmajor Governmental Funds:	
Miscellaneous State Grants	$190
Adult Basic Education	5,324
Miscellaneous Federal Grants	22,028
Total Nonmajor Governmental	27,542
Enterprise Fund:	
Customer Services	42,280
Grand Total	$69,822

Interfund receivables and payables are due to the timing of the receipt of grant monies and fees received by the various funds. The general fund advanced monies to those funds to cover costs. All advances except the advance to Customer Services are expected to be repaid within one year.

POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR / ***Pass Through Grantor*** / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education						
Food Distribution	N/A	10.550	$0	$8,322	$0	$8,322
Nutrition Cluster:						
National School Breakfast Program	05PU-2006	10.553	983	0	983	0
National School Breakfast Program	05PU-2007	10.553	2,935	0	2,935	0
Subtotal National School Breakfast			3,918	0	3,918	0
National School Lunch Program	LLP4-2006	10.555	4,429	0	4,429	0
National School Lunch Program	LLP4-2007	10.555	11,640	0	11,640	0
Subtotal National School Lunch Program			16,069	0	16,069	0
Total Nutrition Cluster			19,987	0	19,987	0
Total U.S. Department Agriculture - Nutrition Cluster			19,987	8,322	19,987	8,322
U.S. DEPARTMENT OF EDUCATION						
Direct Program						
Pell Grant	P063P034252	84.063	98,020	0	97,183	0
Passed Through the Steven's Institute of Technology						
Preparing Tomorrow's Program To Use Technology (PT3)	P342A030152	84.342	56,305	0	33,196	0
Passed Through Ohio Department of Education						
Adult Basic Literacy Education	ABS1-2005	84.002	12,000	0	12,000	0
Adult Basic Literacy Education	ABS1-2006	84.002	(6,384)	0	0	0
Adult Basic Literacy Education	ABS1-2007	84.002	132,008	0	137,108	0
Adult Basic Literacy Education	ABS2-2007	84.002	35,488	0	35,488	0
Subtotal Adult Basic Literacy Education			173,112	0	184,596	0
Carl D. Perkins	20A0-2005	84.048	9,805	0	2,136	0
Carl D. Perkins	20A0-2007	84.048	10,000	0	10,000	0
Carl D. Perkins (Secondary)	20C1-2006	84.048	(2)	0	1,653	0
Carl D. Perkins (Secondary)	20C1-2007	84.048	312,199	0	312,199	0
Carl D. Perkins (Adult)	20C2-2006	84.048	9,641	0	500	0
Carl D. Perkins (Adult)	20C2-2007	84.048	169,885	0	169,885	0
Subtotal Carl D. Perkins			511,528	0	496,373	0
Safe and Drug-Free Schools	DRS1-2006	84.186	(111)	0	0	0
Safe and Drug-Free Schools	DRS1-2007	84.186	2,073	0	2,073	0
Subtotal Safe and Drug-Free Schools			1,962	0	2,073	0
Innovative Programs, Title V	C2S1-2007	84.298	1,195	0	1,195	0
Improving Teacher Quality, Title II-A	TRS1-2007	84.367	3,744	0	3,774	0
Total Passed Through the Ohio Department of Education			691,541	0	688,011	0
Total U.S. Department of Education			845,866	0	818,390	0
Total Federal Assistance			**$865,853**	**$8,322**	**$838,377**	**$8,322**

The accompanying notes are an integral part of this schedule.

POLARIS CAREER CENTER
CUYAHOGA COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2007

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D – NEGATIVE RECEIPTS

The Ohio Department of Education (ODE) transferred federal monies from grant year 2006 to grant year 2007 for several of the Center's federal grants. These transfers appear as negative receipts in the 2006 grant year and positive receipts in the 2007 grant year. This action by ODE allowed the Center to extend the availability period for expenditure of these receipts.

N/A - Not applicable.

CFDA - Catalog of Federal Domestic Assistance.

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio, (the Center) as of and for the year ended June 30, 2007, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the Center's management in a separate letter dated March 4, 2008.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the Center's management in a separate letter dated March 4, 2008.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 4, 2008

Mary Taylor, CPA
Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Polaris Career Center, Cuyahoga County, Ohio, (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Polaris Career Center, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

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Internal Control Over Compliance

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

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

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 4, 2008

POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Mary Taylor, CPA
Auditor of State

POLARIS CAREER CENTER

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 3, 2008

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