POLARIS CAREER CENTER
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

Dave Yost • Auditor of State

POLARIS CAREER CENTER
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Activities	14
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis (Non-GAAP) and Actual – General Fund	16
Statement of Fund Net Assets – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Assets- Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Assets – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets– Private Purpose Trust Fund	22
Notes to the Basic Financial Statements	23
Schedule of Federal Awards Receipts and Expenditures	47
Notes to the Schedule of Federal Awards Receipts and Expenditures	48
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*	49
Independent Accountants' Report on Compliance with Requirements Applicable to its Major Federal Program and Internal Control over Compliance Required by OMB Circular A-133	51
Schedule of Findings	53

This page intentionally left blank.

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, 2010, 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, 2010, 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 April 25, 2011, 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.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361
www.auditor.state.oh.us

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

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

Dave Yost

Dave Yost
Auditor of State

April 25, 2011

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, 2010. 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 2010 are as follows:

- In fiscal year 2010, the Center began a $3.4 million House Bill 264 energy savings project. The future energy cost savings is estimated at approximately $300,000 per year.

- Remodeling of the second floor has increased both the classrooms and conference rooms available.

- Existing carryover balance was used to finance projects as the investment income was dramatically less than interest charges for borrowing for the project.

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

Using this Annual Financial Report

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

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

Reporting the Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" 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 7. 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 2010 compared to 2009.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	$17,847,727	$19,941,407	$130,851	$97,662	$17,978,578	$20,039,069
Capital Assets, Net	7,259,644	6,070,223	83,889	95,992	7,343,533	6,166,215
Total Assets	25,107,371	26,011,630	214,740	193,654	25,322,111	26,205,284
Liabilities						
Current and Other Liabilities	8,816,249	8,982,048	181,092	106,284	8,997,341	9,088,332
Long Term Liabilities:						
Due Within One Year	671,647	727,975	106,605	157,676	778,252	885,651
Due in More than One Year	794,604	722,305	10,836	77,197	805,440	799,502
Total Liabilities	10,282,500	10,432,328	298,533	341,157	10,581,033	10,773,485
Net Assets						
Invested in Capital Assets	7,259,644	6,070,223	83,889	95,992	7,343,533	6,166,215
Restricted:						
Capital Projects	595,470	564,898	0	0	595,470	564,898
Set Asides	241,244	241,244	0	0	241,244	241,244
Other Purposes	1,228	16,594	0	0	1,228	16,594
Unrestricted (Deficit)	6,727,285	8,686,343	(167,682)	(243,495)	6,559,603	8,442,848
Total Net Assets	$14,824,871	$15,579,302	($83,793)	($147,503)	$14,741,078	$15,431,799

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

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	$158,225	$177,660	$2,254,533	$2,003,857	$2,412,758	$2,181,517
Operating Grants and Contributions	655,623	621,459	326,680	337,216	982,303	958,675
Total Program Revenues	813,848	799,119	2,581,213	2,341,073	3,395,061	3,140,192
General Revenues:						
Property Taxes	9,448,906	9,132,997	0	0	9,448,906	9,132,997
Grant and Entitlements not Restricted to Specific Programs	4,473,036	4,263,950	0	0	4,473,036	4,263,950
Investment Earnings	178,903	313,855	0	0	178,903	313,855
Other	52,057	67,158	76,123	77,391	128,180	144,549
Total General Revenues	14,152,902	13,777,960	76,123	77,391	14,229,025	13,855,351
Total Revenues	14,966,750	14,577,079	2,657,336	2,418,464	17,624,086	16,995,543
Program Expenses						
Instruction:						
Vocational	6,912,010	6,663,101	0	0	6,912,010	6,663,101
Adult/Continuing	156,435	90,601	0	0	156,435	90,601
Support Services:						
Pupil	1,926,961	1,800,372	0	0	1,926,961	1,800,372
Instructional Staff	1,725,278	1,579,455	0	0	1,725,278	1,579,455
Board of Education	119,605	112,411	0	0	119,605	112,411
Administration	794,987	843,339	0	0	794,987	843,339
Fiscal	731,938	667,328	0	0	731,938	667,328
Business	251,627	248,207	0	0	251,627	248,207
Operation and Maintenance of Plant	1,781,417	1,864,294	0	0	1,781,417	1,864,294
Pupil Transportation	28,212	30,056	0	0	28,212	30,056
Central	1,128,764	1,186,468	0	0	1,128,764	1,186,468
Extracurricular Activities	38,059	40,572	0	0	38,059	40,572
Food Service Operations	0	0	128,843	162,136	128,843	162,136
Uniform School Supplies	0	0	102,810	93,364	102,810	93,364
Customer Services	0	0	219,551	195,815	219,551	195,815
Adult and Community Education	0	0	2,268,310	2,153,556	2,268,310	2,153,556
Total Expenses	15,595,293	15,126,204	2,719,514	2,604,871	18,314,807	17,731,075
Decrease in Net Assets before Transfers	(628,543)	(549,125)	(62,178)	(186,407)	(690,721)	(735,532)
Transfers	(125,888)	(25,507)	125,888	25,507	0	0
Decreases in Net Assets	(754,431)	(574,632)	63,710	(160,900)	(690,721)	(735,532)
Net Assets, Beginning of Year	15,579,302	16,153,934	(147,503)	13,397	15,431,799	16,167,331
Net Assets (Deficit), End of Year	$14,824,871	$15,579,302	($83,793)	($147,503)	$14,741,078	$15,431,799

Analysis of Overall Financial Position and Results of Operation

The Center continues to look for ways to keep expenditures in line with revenues. Revenues were slightly higher in fiscal year 2010 than in the prior fiscal year due to increased grant monies, property taxes and charges for services.

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 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Instruction:				
Vocational	$6,912,010	($6,640,685)	$6,663,101	($6,208,925)
Adult/Continuing	156,435	(19,310)	90,601	12,115
Support Services:				
Pupil	1,926,961	(1,736,479)	1,800,372	(1,700,006)
Instructional Staff	1,725,278	(1,560,235)	1,579,455	(1,500,248)
Board of Education	119,605	(118,418)	112,411	(111,021)
Administration	794,987	(787,093)	843,339	(832,948)
Fiscal	731,938	(724,672)	667,328	(659,106)
Business	251,627	(249,127)	248,207	(245,148)
Operation and Maintenance of Plant	1,781,417	(1,761,948)	1,864,294	(1,839,843)
Pupil Transportation	28,212	(27,932)	30,056	(29,684)
Central	1,128,764	(1,117,866)	1,186,468	(1,172,200)
Extracurricular Activities	38,059	(37,680)	40,572	(40,071)
Total Expenses	$15,595,293	($14,781,445)	$15,126,204	($14,327,085)

The Center's Funds

As previously stated, governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenue of $14,761,119 a decrease of 0.39 percent from the prior fiscal year and expenditures of $16,799,207 which were 9.74 percent higher than the prior fiscal year. The overall fund balance decreased in 2010 by 19.05 percent. Balances are expected to be drawn down during the next five-year projection as inflation on the Center's normal operating expenditures will exceed revenues, which are expected to remain flat.

General Fund Budgeting Highlights

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

During the course of fiscal year 2010, the Center amended its general fund budget monthly as defined by individual team needs. The Center uses an electronic budgeting process to submit requests for inclusion in the June appropriation submission to the Board.

The final general fund appropriations were $17,367,647, and the actual expenditures amounted to $16,911,733.

Capital Assets

At the end of fiscal year 2010 the Center had $7,343,533 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. $7,259,644 was in governmental activities. Table 4 shows fiscal 2010 balances compared to 2009.

(Table 4)
Capital Assets at June 30, 2010
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$261,490	$261,490	$0	$0	$261,490	$261,490
Construction in Progress	1,495,313	0	0	0	1,495,313	0
Buildings and Improvements	4,019,375	4,260,437	0	0	4,019,375	4,260,437
Furniture and Equipment	1,483,073	1,543,399	83,889	95,992	1,566,962	1,639,391
Vehicles	393	4,897	0	0	393	4,897
Total	$7,259,644	$6,070,223	$83,889	$95,992	$7,343,533	$6,166,215

The increase was the result of the construction in progress for the House Bill 264 Project. Please see Note 10 for more information.

Center Outlook

Most of the Center's efforts are focused on controlling expenditures. Reduction of capital purchases and staffing are first priorities. Negotiations in fiscal year 2010 contained staff compensation and fringe benefits by settling at competitive wages offset by implementing working spouse language on medical and prescription drug plans. The membership in a multi-School District health consortium has held rate increases below trends in health care.

For years the Center has benefited from being at the two mill floor during rising property valuations. The inflation every third year allowed the Center to not be on the ballot for more millage. 2009 valuations were reduced by 8.7 percent and the millage was rolled up to 2.19. This led to no current loss in revenue, but revenues from the largest revenue source are anticipated to be flat for at least nine years due to the economy and the three year cycle of reappraisals and updates of property tax values. Short term the Center will control expenditures and draw on its carryover balance to offset expenses exceeding revenue. Funding from the State of Ohio in the next budget cycle beginning in July 2011 is a major concern.

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, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$8,300,319	$168,244	$8,468,563
Accounts Receivable	698	4,053	4,751
Intergovernmental Receivable	70,294	0	70,294
Internal Balance	42,280	(42,280)	0
Inventory Held for Resale	0	834	834
Materials and Supplies Inventory	26,419	0	26,419
Property Taxes Receivable	9,407,717	0	9,407,717
Nondepreciable Capital Assets	1,756,803	0	1,756,803
Depreciable Capital Assets, Net	5,502,841	83,889	5,586,730
Total Assets	25,107,371	214,740	25,322,111
Liabilities			
Accounts Payable	109,918	2,697	112,615
Accrued Wages and Benefits Payable	1,072,153	83,383	1,155,536
Intergovernmental Payable	230,038	24,095	254,133
Deferred Revenue	7,272,389	0	7,272,389
Matured Compensated Absences Payable	131,501	70,917	202,418
Matured Interest Payable	250	0	250
Long-Term Liabilities:			
Due Within One Year	671,647	106,605	778,252
Due in More Than One Year	794,604	10,836	805,440
Total Liabilities	10,282,500	298,533	10,581,033
Net Assets			
Invested in Capital Assets	7,259,644	83,889	7,343,533
Restricted for:			
Capital Projects	595,470	0	595,470
Set Asides	241,244	0	241,244
Other Purposes	1,228	0	1,228
Unrestricted (Deficit)	6,727,285	(167,682)	6,559,603
Total Net Assets (Deficit)	$14,824,871	($83,793)	$14,741,078

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Activities

For the Fiscal Year Ended June 30, 2010

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
Instruction:			
Vocational	$6,912,010	$76,470	$194,855
Adult/Continuing	156,435	0	137,125
Support Services:			
Pupil	1,926,961	18,362	172,120
Instructional Staff	1,725,278	15,418	149,625
Board of Education	119,605	1,187	0
Administration	794,987	7,894	0
Fiscal	731,938	7,266	0
Business	251,627	2,500	0
Operation and Maintenance of Plant	1,781,417	17,571	1,898
Pupil Transportation	28,212	280	0
Central	1,128,764	10,898	0
Extracurricular Activities	38,059	379	0
Total Governmental Activities	15,595,293	158,225	655,623
Business-Type Activities			
Food Service Operations	128,843	55,403	39,343
Uniform School Supplies	102,810	78,242	0
Customer Services	219,551	213,651	0
Adult and Community Education	2,268,310	1,907,237	287,337
Total Business-Type Activities	2,719,514	2,254,533	326,680
Totals	$18,314,807	$2,412,758	$982,303

General Revenues

Property Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets (Deficit), Beginning of Year

Net Assets (Deficit), End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($6,640,685)	$0	($6,640,685)
(19,310)	0	(19,310)
(1,736,479)	0	(1,736,479)
(1,560,235)	0	(1,560,235)
(118,418)	0	(118,418)
(787,093)	0	(787,093)
(724,672)	0	(724,672)
(249,127)	0	(249,127)
(1,761,948)	0	(1,761,948)
(27,932)	0	(27,932)
(1,117,866)	0	(1,117,866)
(37,680)	0	(37,680)
(14,781,445)	0	(14,781,445)
0	(34,097)	(34,097)
0	(24,568)	(24,568)
0	(5,900)	(5,900)
0	(73,736)	(73,736)
0	(138,301)	(138,301)
(14,781,445)	(138,301)	(14,919,746)
9,448,906	0	9,448,906
4,473,036	0	4,473,036
178,903	0	178,903
52,057	76,123	128,180
14,152,902	76,123	14,229,025
(125,888)	125,888	0
14,027,014	202,011	14,229,025
(754,431)	63,710	(690,721)
15,579,302	(147,503)	15,431,799
$14,824,871	($83,793)	$14,741,078

Polaris Career Center
Balance Sheet
Governmental Funds
June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$7,461,671	$597,404	$8,059,075
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	241,244	0	241,244
Property Taxes Receivable	9,407,717	0	9,407,717
Accounts Receivable	698	0	698
Interfund Receivable	112,829	0	112,829
Intergovernmental Receivable	0	70,294	70,294
Materials and Supplies Inventory	26,419	0	26,419
Total Assets	$17,250,578	$667,698	$17,918,276
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$109,918	$0	$109,918
Accrued Wages and Benefits Payable	1,072,118	35	1,072,153
Intergovernmental Payable	222,170	7,868	230,038
Deferred Revenue	8,034,575	0	8,034,575
Interfund Payable	0	70,549	70,549
Matured Compensated Absences Payable	123,498	8,003	131,501
Matured Interest Payable	0	250	250
Total Liabilities	9,562,279	86,705	9,648,984
Fund Balances			
Reserved for Encumbrances	691,022	66,921	757,943
Reserved for Property Taxes	1,373,142	0	1,373,142
Reserved for Budget Stabilization	241,244	0	241,244
Unreserved, Undesignated (Deficit) Reported in:			
General Fund	5,382,891	0	5,382,891
Special Revenue Funds	0	(14,812)	(14,812)
Capital Projects Funds	0	528,884	528,884
Total Fund Balances	7,688,299	580,993	8,269,292
Total Liabilities and Fund Balances	$17,250,578	$667,698	$17,918,276

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, 2010

Total Governmental Fund Balances	$8,269,292
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.	7,259,644
Other long-term assets such as delinquent property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.	762,186
Long-term liabilities such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(1,466,251)
Net Assets of Governmental Activities	$14,824,871

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, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$9,225,416	$0	$9,225,416
Intergovernmental	4,473,036	673,482	5,146,518
Interest	178,903	0	178,903
Tuition and Fees	158,225	0	158,225
Miscellaneous	52,057	0	52,057
Total Revenues	14,087,637	673,482	14,761,119
Expenditures			
Current:			
Instruction:			
Vocational	6,015,358	283,208	6,298,566
Adult/Continuing	0	163,466	163,466
Support Services:			
Pupil	1,910,085	80,401	1,990,486
Instructional Staff	1,559,718	164,970	1,724,688
Board of Education	119,605	0	119,605
Administration	855,655	0	855,655
Fiscal	723,437	0	723,437
Business	263,323	0	263,323
Operation and Maintenance of Plant	1,762,654	1,898	1,764,552
Pupil Transportation	28,212	0	28,212
Central	1,106,237	0	1,106,237
Extracurricular Activities	38,059	0	38,059
Capital Outlay	1,536,158	186,763	1,722,921
Total Expenditures	15,918,501	880,706	16,799,207
Excess of Revenues Under Expenditures	(1,830,864)	(207,224)	(2,038,088)
Other Financing Sources (Uses)			
Transfers In	217,340	217,335	434,675
Transfers Out	(343,223)	0	(343,223)
Total Other Financing Sources (Uses)	(125,883)	217,335	91,452
Net Change in Fund Balances	(1,956,747)	10,111	(1,946,636)
Fund Balances, Beginning of Year	9,645,046	570,882	10,215,928
Fund Balances, End of Year	$7,688,299	$580,993	$8,269,292

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, 2010

Net Change in Fund Balances -Total Governmental Funds		($1,946,636)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	1,726,278	
Current Year Depreciation	(536,857)	
Total		1,189,421
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	223,490	
Intergovernmental	(17,859)	
Total		205,631
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.		(15,971)
An internal service fund used by management to charge the cost of insurance to individual funds is not reported in the expenditures and related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental and business-type activities.		
Change in Net Assets	(216,237)	
Change in Internal Balance	29,361	
Total		(186,876)
Change in Net Assets of Governmental Activities		($754,431)

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, 2010

	Budgeted Amounts			Variance with Final Budget Positve (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$8,347,967	$8,439,544	$9,207,102	$767,558
Intergovernmental	4,055,647	4,100,138	4,473,036	372,898
Interest	176,123	178,055	194,249	16,194
Tuition and Fees	143,461	145,034	158,225	13,191
Miscellaneous	46,104	46,602	52,282	5,680
Total Revenues	12,769,302	12,909,373	14,084,894	1,175,521
Expenditures				
Current:				
Instruction:				
Vocational	6,400,510	6,464,071	6,017,680	446,391
Support Services:				
Pupil	1,942,344	1,942,886	1,912,471	30,415
Instructional Staff	1,749,701	1,662,434	1,605,908	56,526
Board of Education	178,129	160,625	140,769	19,856
Administration	905,660	824,676	824,133	543
Fiscal	663,296	728,120	728,120	0
Business	260,894	260,568	248,628	11,940
Operation and Maintenance of Plant	1,983,590	1,907,345	1,813,566	93,779
Pupil Transportation	37,108	33,500	30,552	2,948
Central	1,271,525	1,210,551	1,148,812	61,739
Extracurricular Activities	37,756	38,702	38,702	0
Capital Outlay	148,951	2,059,169	2,059,169	0
Total Expenditures	15,579,464	17,292,647	16,568,510	724,137
Excess of Revenues Under Expenditures	(2,810,162)	(4,383,274)	(2,483,616)	1,899,658
Other Financing Sources (Uses)				
Transfers In	217,340	217,340	217,340	0
Transfers Out	(75,000)	(75,000)	(343,223)	(268,223)
Advances In	29,539	29,539	29,539	0
Advances Out	(125,000)	(125,000)	(70,549)	54,451
Total Other Financing Sources (Uses)	46,879	46,879	(166,893)	(213,772)
Net Change in Fund Balances	(2,763,283)	(4,336,395)	(2,650,509)	1,685,886
Fund Balance, Beginning of Year	9,378,361	9,378,361	9,378,361	0
Prior Year Encumbrances Appropriated	186,817	186,817	186,817	0
Fund Balance, End of Year	$6,801,895	$5,228,783	$6,914,669	$1,685,886

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Fund Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activites - Enterprise Funds		
	Adult and Community Education	Non-Major Enterprise Funds	Total
Assets			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	$32,108	$136,136	$168,244
Accounts Receivable	794	3,259	4,053
Inventory Held for Resale	0	834	834
Total Current Assets	32,902	140,229	173,131
Noncurrent Assets			
Depreciable Capital Assets, Net	62,618	21,271	83,889
Total Assets	95,520	161,500	257,020
Liabilities			
Current Liabilities			
Accounts Payable	2,613	84	2,697
Accrued Wages and Benefits Payable	73,779	9,604	83,383
Intergovernmental Payable	19,804	4,291	24,095
Interfund Payable	0	42,280	42,280
Matured Compensated Absences Payable	70,917	0	70,917
Compensated Absences Payable	93,384	13,221	106,605
Total Current Liabilities	260,497	69,480	329,977
Long-Term Liabilities			
Compensated Absences Payable	7,258	3,578	10,836
Total Liabilities	267,755	73,058	340,813
Net Assets			
Invested in Capital Assets	62,618	21,271	83,889
Unrestricted (Deficit)	(234,853)	67,171	(167,682)
Total Net Assets	($172,235)	$88,442	($83,793)

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, 2010

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
Operating Revenues				
Charges for Services	$0	$213,651	$213,651	$1,830
Tuition and Fees	1,907,202	0	1,907,202	0
Sales	35	133,645	133,680	0
Miscellaneous	47,884	28,239	76,123	0
Total Operating Revenues	1,955,121	375,535	2,330,656	1,830
Operating Expenses				
Salaries	1,214,520	54,583	1,269,103	0
Fringe Benefits	325,257	21,595	346,852	0
Purchased Services	356,336	145	356,481	0
Materials and Supplies	328,336	368,186	696,522	0
Depreciation	13,785	2,799	16,584	0
Claims Expense	0	0	0	727
Other	715	3,896	4,611	0
Total Operating Expenses	2,238,949	451,204	2,690,153	727
Operating Income (Loss)	(283,828)	(75,669)	(359,497)	1,103
Non-Operating Revenues				
Federal and State Subsidies	287,337	39,343	326,680	0
Income (Loss) Before Transfers	3,509	(36,326)	(32,817)	1,103
Transfers In	79,441	46,447	125,888	0
Transfers Out	0	0	0	(217,340)
Change in Net Assets	82,950	10,121	93,071	(216,237)
Net Assets (Deficit), Beginning of Year	(255,185)	78,321		216,237
Net Assets (Deficit), End of Year	($172,235)	$88,442		$0
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.			(29,361)	
Change in net assets of business-type activities			$63,710	

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$1,907,237	$347,308	$2,254,545	$1,830
Cash Received from Other Operating Revenues	47,090	25,130	72,220	0
Cash Payments to Suppliers for Goods and Services	(514,942)	(357,266)	(872,208)	0
Cash Payments to Employees for Services	(1,421,391)	(50,834)	(1,472,225)	0
Cash Payments for Employee Benefits	(332,356)	(23,321)	(355,677)	0
Cash Payments for Claims	0	0	0	(727)
Cash Payments for Other Operating Expenses	(715)	(3,896)	(4,611)	0
Net Cash Provided by (Used for) Operating Activities	(315,077)	(62,879)	(377,956)	1,103
Cash Flows from Noncapital Financing Activities				
Federal and State Subsidies	287,337	27,627	314,964	0
Transfers In	79,441	46,447	125,888	0
Transfers Out	0	0	0	(217,340)
Advances Out	(25,559)	0	(25,559)	0
Net Cash Provided by (Used for) Noncapital Financing Activities	341,219	74,074	415,293	(217,340)
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(4,481)	0	(4,481)	0
Net Increase (Decrease) in Cash and Cash Equivalents	21,661	11,195	32,856	(216,237)
Cash and Cash Equivalents, Beginning of Year	10,447	124,941	135,388	216,237
Cash and Cash Equivalents, End of Year	$32,108	$136,136	$168,244	$0

See accompanying notes to the basic financial statements

(continued)

Polaris Career Center
Statement of Cash Flows
Proprietary Funds (continued)
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds			
	Adult and Community Education	Non-Major Enterprise Funds	Total	Governmental Activities Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	($283,828)	($75,669)	($359,497)	$1,103
Adjustments:				
Depreciation	13,785	2,799	16,584	0
Donated Commodities Received During the Year	0	11,716	11,716	0
Increase in Assets:				
Accounts Receivable	(794)	(3,097)	(3,891)	0
Inventory Held for Resale	0	(244)	(244)	0
Increase/(Decrease) in Liabilities:				
Accounts Payable	784	(407)	377	0
Accrued Wages and Benefits Payable	7,361	78	7,439	0
Compensated Absences Payable	(50,186)	3,671	(46,515)	0
Intergovernmental Payable	(2,199)	(1,726)	(3,925)	0
Total Adjustments	(31,249)	12,790	(18,459)	0
Net Cash Provided by (Used for) Operating Activities	($315,077)	($62,879)	($377,956)	$1,103

Noncash Activities
The Food Service Fund received $11,716 in donated commodities.

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust	
	Special Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$7,105	$52,958
Liabilities		
Due to Others	0	$18,687
Due to Students	0	34,271
Total Liabilities	0	$52,958
Net Assets		
Held in Trust for Scholarships	$7,105	

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, 2010

	Special Trust
Additions	
Contributions and Donations	$4,426
Deductions	
Scholarships Awarded	8,812
Change in Net Assets	(4,386)
Net Assets, Beginning of Year	11,491
Net Assets, End of Year	$7,105

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 Center 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 Centers. Members serve a two year term except for one rotating member picked by the member Centers to serve a one year term. Berea City Center, Brooklyn City Center, Fairview Park City Center, North Olmsted City Center, Olmsted Falls City Center, and Strongsville City Center are the member districts. The Center employs 10 administrative and supervisory personnel, 68 certified employees and 57 non-certificated employees who provide services to 678 students and other community members.

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

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.

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

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

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.

Basis of Accounting

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 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.

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.

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 2010, investments were limited to federal farm credit bank notes, a repurchase agreement, and STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

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 2010 amounted to $178,903 which includes $12,876 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.

Restricted Assets

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

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.

Capital Assets

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

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

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

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

Interfund Balances

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

Compensated Absences

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

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

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

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

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.

Net Assets

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

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

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.

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.

Internal Activity

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

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

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. The Center did not have any extraordinary or special items during the fiscal year.

Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2010, the Center has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets", Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the Center's financial statements.

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of this statement did not result in any change to the Center's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the Center's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the Center's financial statements.

Note 4 – Accountability

Accountability

At June 30, 2010, the adult basic education and vocational education special revenue funds had fund deficits of $15,895 and $982, respectively. The deficit balance resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and will provide transfers when cash is required, not when accruals occur.

The adult and community education business-type fund had deficit net assets of $172,235. Management is currently analyzing the adult and community education operations to determine appropriate steps to alleviate the deficit.

Note 5 - Budgetary Basis of Accounting

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

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

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

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

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

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

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

Net Change in Fund Balance

GAAP Basis	($1,956,747)
Net Adjustment for Revenue Accruals	(18,089)
Advances In	29,539
Beginning Fair Value Adjustment for Investments	15,830
Ending Fair Value Adjustment for Investments	(484)
Net Adjustment for Expenditure Accruals	137,753
Advances Out	(70,549)
Encumbrances	(787,762)
Budget Basis	($2,650,509)

Note 6 – Deposits and Investments

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

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

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

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

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

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

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

3. Written repurchase agreements in the securities listed above;

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

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

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

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

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

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

Investments

Investments are reported at fair value. As of June 30, 2010, the Center had the following investments:

Investment Type	Fair Value	Maturity
Federal Farm Credit Bank Notes	$1,000,500	May 24, 2012
Repurchase Agreement		
Federal Home Loan Mortgage Corporation Notes	310,000	n/a
STAR Ohio	269,430	Average 56 days
Total Investments	$1,579,930	

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

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

Credit Risk The Federal Farm Credit Bank Notes carried a rating of AAA by Fitch. The securities underlying the repurchase agreement had a rating of AAA by Fitch. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center has no investment policy that addresses credit risk.

Concentration of Credit Risk The Center places no limit on the amount it may invest in any one issuer. The following is the Center's allocation as of June 30, 2010:

Investment Issuer	Percentage of Investments
Federal Farm Credit Bank Notes	63.33 %
Repurchase Agreement	
Federal Home Loan Mortgage Corporation Notes	19.62
STAR Ohio	17.05

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the Center 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. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, 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 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 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 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 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 Center prior to June 30; however this year the settlement was late.

The Center receives property taxes from Cuyahoga and Lorain Counties. The County Auditors periodically advance to the Center their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2010, are available to finance fiscal year 2010 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, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is 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 $1,373,142 at June 30, 2010 and $1,354,828 at June 30, 2009.

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 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$3,667,264,400	70.25 %	$3,374,756,080	69.34 %
Commercial/Industrial	1,400,666,250	26.83	1,400,027,050	28.77
Tangible Personal Property:				
Public Utility	88,710,170	1.70	92,017,060	1.89
General Business	63,882,767	1.22	0	0.00
Total	$5,220,523,587	100.00 %	$4,866,800,190	100.00 %
Tax rate per $1,000 of assessed valuation	$2.40		$2.40	

Note 8 – Receivables

Receivables at June 30, 2010, consisted of taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes. All receivables except for a portion of the delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

At June 30, 2010 the Center had intergovernmental receivables of $5,704 and $64,590 in the vocational education and adult basic education special revenue funds for the Carl D. Perkins Secondary and ABLE instructional grants, respectively.

Note 9 - Risk Management

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 2010, the Center contracted with Netherlands Insurance Company for the following insurance:

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

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

Bonding

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

Workers' Compensation

For fiscal year 2010, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Self-Insurance

In the prior years, the Center offered vision, drug card and dental benefits to all eligible employees and their dependents through a self-insurance internal service fund. As of January 1, 2009, the Center is no longer self insured. The self insurance fund is being utilized for the transition period to account for any run off claims dated prior to December 31, 2008. During the fiscal year, the Center transferred the balance of the fund to the general fund. There is no claims liability reported in the internal service fund at June 30, 2010.

Employee Health Benefits

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

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

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

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/09	Additions	Reductions	Balance 6/30/10
Governmental Activities:				
Capital assets not being depreciated				
Land	$261,490	$0	$0	$261,490
Construction in progress	0	1,495,313	0	1,495,313
Total capital assets not being depreciated	261,490	1,495,313	0	1,756,803
Capital assets being depreciated				
Buildings and Improvements	12,800,892	0	0	12,800,892
Furniture and Equipment	5,124,363	230,965	0	5,355,328
Vehicles	274,954	0	0	274,954
Total capital assets being depreciated	18,200,209	230,965	0	18,431,174
Accumulated depreciation				
Buildings and Improvements	(8,540,455)	(241,062)	0	(8,781,517)
Furniture and Equipment	(3,580,964)	(291,291)	0	(3,872,255)
Vehicles	(270,057)	(4,504)	0	(274,561)
Total accumulated depreciation	(12,391,476)	(536,857) *	0	(12,928,333)
Capital assets being depreciated, net	5,808,733	(305,892)	0	5,502,841
Governmental activities capital assets, net	$6,070,223	$1,189,421	$0	$7,259,644

	Balance 6/30/09	Additions	Reductions	Balance 6/30/10
Business-type activities:				
Equipment	$499,381	$4,481	$0	$503,862
Accumulated depreciation				
Equipment	(403,389)	(16,584) **	0	(419,973)
Business-type activities capital assets, net	$95,992	($12,103)	$0	$83,889

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$476,094
Support Services:	
Pupil	1,223
Instructional Staff	11,304
Administration	1,402
Fiscal	1,172
Business	299
Operation and Maintenance of Plant	12,414
Central	32,949
Total Depreciation Expense	$536,857

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

Adult and Community Education	$13,785
Food Service	2,799
Total Depreciation Expense	$16,584

Note 11 – Defined Benefit Pension Plans

School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were $376,055, $264,386 and $266,896, respectively; 96.08 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal year 2009 and 2008.

State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2010, 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 2009, 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, 2010, 2009, and 2008 were $949,493, $888,374, and $916,622, respectively; 88.43 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were $60,421 made by the Center and $43,158 made by the plan members.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

Note 12 - Postemployment Benefits

School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was $35,800. During fiscal year 2010, the Center paid $62,966 in surcharge.

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

The Center's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were $98,865, $169,080, and $150,132, respectively; 96.08 percent has been contributed for fiscal years 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were $22,363, $21,814, and $19,231 respectively; 96.08 percent has been contribution for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were $73,036, $68,336, and $70,509 respectively; 88.43 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 13 - Employee Benefits

Vacation Leave

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

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

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

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.

Retirement Severance Pay

Certified Employees

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

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

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

Classified Employees

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

Note 14 - Long-term Obligations

The changes in the Center's long-term obligations during fiscal year 2010 were as follows:

	Outstanding 06/30/09	Additions	Reductions	Outstanding 06/30/10	Amount Due in One Year
Governmental Activities					
Compensated Absences	$1,450,280	$743,946	$727,975	$1,466,251	$671,647
Business-Type Activities					
Compensated Absences	$234,873	$40,244	$157,676	$117,441	$106,605

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 $438,012,017 with an unvoted debt margin of $4,866,800 at June 30, 2010.

Note 15 - Contingencies

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, 2010.

Litigation

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

Note 16 - Jointly Governed Organization

Ohio Schools Council Association - The Ohio Schools Council (Council) is a jointly governed organization among 126 School Districts and Centers. The jointly governed organization was created by School Districts and Centers for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each Center member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2010, the Center paid $418 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 natural gas purchase program. This program allows the Center to purchase natural gas at reduced rates. Energy USA served as the natural gas supplier and program manager from October 1, 2008 to September 30, 2010. Compass Energy has been selected as the new supplier and program manager for the period from October 1, 2010 through March 31, 2013. There are currently 147 participants in the program including the Center. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Note 17 – Public Entity Risk Pools

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.

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 Center (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 Centers/centers, based on the established premiums for the insurance plans. Each Center reserves the right to terminate the plan in whole or in part at any time for their Center. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

Note 18 - Set-Asides

The Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2010, 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, 2009	$241,244	$0	($3,456,621)
Current Year Set-aside Requirement	0	103,981	103,981
Qualifying Disbursements	0	(108,790)	(413,176)
Totals	$241,244	($4,809)	($3,765,816)
Set-aside Balance Carried Forward to Future Fiscal Years	$241,244	$0	($3,765,816)
Set-aside Reserve Balance as of June 30, 2010	$241,244	$0	$0

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

Note 19 - Interfund Transactions

Interfund Transfers

The transfers from the general fund to the food service fund, uniform school supplies fund, and adult education fund of $22,586, $23,861, and $79,441, respectively, were made to move unrestricted balances to support programs and projects accounted for in other funds. The transfer from the general fund to the permanent improvement capital projects fund of $217,335 was made to fund capital projects, and the transfer out of the self insurance fund to the general fund of $217,340 was to close the fund, as the Center is no longer self insured.

Interfund Balances

During the year ended June 30, 2010, the general fund advanced $64,845 and $5,704 to the adult basic education and vocational education special revenue funds, respectively.

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

This Page Intentionally Left Blank

POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR / ***Pass Through Grantor*** / Program Title	Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Passed through the Ohio Department of Education						
Nutrition Cluster:						
National School Breakfast Program	2010	10.553	$7,491		$7,491	
National School Lunch Program	2010	10.555	19,542	$2,407	19,542	$2,407
Total Nutrition Cluster			27,033	2,407	27,033	2,407
Total U.S. Department of Agriculture			**27,033**	**2,407**	**27,033**	**2,407**
U.S. DEPARTMENT OF EDUCATION						
Direct Program						
Student Financial Assistance Cluster:						
Federal Pell Grant Program	2010	84.063	357,633		357,633	
	2009	84.063	2,366		2,366	
Federal Family Education Loan	2010	84.032	394,235		394,235	
Total Student Financial Assistance Cluster			754,234		754,234	
Passed through the Ohio Department of Education						
Adult Basic Literacy Education	2010	84.002	186,155		291,907	
	2009	84.002	(2,274)		2,160	
Total - Adult Basic Literacy Education			183,881		294,067	
Career and Technical Education - Basic Grants to States	2010	84.048	338,538		344,241	
State Grants for Innovative Programs, Title V	2009	84.298	0		76	
Safe and Drug Free Schools and Communities - State Grants	2010	84.186	1,898		1,898	
Improving Teacher Quality State Grants	2010	84.367	5,234		5,234	
Total U.S. Department of Education			**1,283,785**		**1,399,750**	
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES			**$1,310,818**	**$2,407**	**$1,426,783**	**$2,407**

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, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Polaris Career Center's (the Center's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The Center reports commodities consumed on the Schedule at the entitlement value. The Center allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The Center transferred the following amounts from 2009 to 2010 programs:

Program Title	CFDA Number	Amount Transferred from 2009 to 2010
Adult Basic Literacy Education (Instructional)	84.002	$ 2,274

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, (the Center) as of and for the year ended June 30, 2010, which collectively comprise the Center's basic financial statements and have issued our report thereon dated April 25, 2011. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and timely corrected.

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

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361
www.auditor.state.oh.us

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-01.

We also noted certain matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated April 25, 2011**.**

The Center's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Center's responses and, accordingly, we express no opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

April 25, 2011

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

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 (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 could directly and materially affect each of the Polaris Career Center's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal programs. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the 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 complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361
www.auditor.state.oh.us

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

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

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

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

Dave Yost

Dave Yost
Auditor of State

April 25, 2011

POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010

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 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)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any 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(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster: Federal Pell Grant Program – CFDA #84.063 and Federal Family Education Loan – CFDA #84.032
(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

FINDING 2010-001

Finding for Recovery – Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

FINDING 2010-001 (Continued)

Finding for Recovery – Repaid Under Audit (Continued)

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

On October 22, 2008, the Center expended $6.00 for the purchase of alcohol during a conference in Cincinnati. In addition, on November 10, 2008, the Center expended $483 on a meal for five Polaris Administrators attending the annual OSBA Conference in Columbus. The Center's policy is to reimburse a maximum of $54 per employee, therefore, an additional $213 above the Center's policy was charged to the Center. All of the above amounts were charged to the Superintendent's credit card.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended has been issued against Robert G Timmons, Superintendent, in the amount of two hundred nine-teen dollars ($219.00) in favor of the Center.

We brought this matter to the Center's attention. On March 28, 2011, Robert Timmons repaid $6.00 to the Center. On various dates during February and March 2011, the five individuals who attended the dinner during the OSBA conference each issued a check to the Center in the amount of $42.60.

Officials' Response:

These were administrative errors not corrected in 2008. We have corrected our policy to better identify these errors in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Dave Yost • 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
MAY 10, 2011