



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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APOLLO CAREER CENTER  
ALLEN COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2011  
Fiscal Year Audited Under GAGAS: 2011





# Dave Yost • Auditor of State

Members of the Board  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

We have reviewed the *Independent Auditor's* Report of the Apollo Career Center, Allen County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 28, 2012

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**APOLLO CAREER CENTER  
ALLEN COUNTY**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Members of the Board  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

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 Apollo Career Center, Allen County, (the Career Center) as of and for the year ended June 30, 2011, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express 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 Apollo Career Center, Allen County, Ohio, as of June 30, 2011, 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 January 19, 2012 on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

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 Career Center's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards 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 Receipts and Expenditures of Federal Awards 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.

As described in Note 3 to the financial statements, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Balestra, Harr & Scherer, CPAs, Inc.  
January 19, 2012



**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

The discussion and analysis of Apollo Career Center's financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

**USING THIS ANNUAL REPORT**

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

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

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

**REPORTING THE CAREER CENTER AS A WHOLE**

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the Career Center is divided into two types of activities:

- **Governmental Activities** - Most of the Career Center's programs and services are reported here, including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activity** - This service is provided on a charge for services basis and is intended to recover all or most of the costs of the service provided. The Career Center's adult education program is reported here.

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

**REPORTING THE SHOOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

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

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

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

Enterprise Fund - The Career Center's enterprise fund uses the accrual basis of accounting, the same as that used for the business-type activity on the government-wide financial statements.

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

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

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

THE CAREER CENTER AS A WHOLE

Table 1 provides a summary of the Career Center's net assets for fiscal year 2011 and fiscal year 2010:

Table 1  
Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2011	2010 *	2011	2010 *	2011	2010
<u>Assets</u>						
Current and Other Assets	\$9,871,258	\$10,344,994	\$964,014	\$910,759	\$10,835,272	\$11,255,753
Capital Assets, Net	4,810,125	4,971,705	2,097,788	2,202,671	6,907,913	7,174,376
Total Assets	14,681,383	15,316,699	3,061,802	3,113,430	17,743,185	18,430,129
<u>Liabilities</u>						
Current and Other Liabilities	4,121,022	5,066,119	142,815	282,156	4,263,837	5,348,275
Long-Term Liabilities	1,008,296	1,164,033	500,751	584,361	1,509,047	1,748,394
Total Liabilities	5,129,318	6,230,152	643,566	866,517	5,772,884	7,096,669
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	4,463,459	4,598,372	1,614,762	1,639,141	6,078,221	6,237,513
Restricted	1,514,048	1,027,485	0	0	1,514,048	1,027,485
Unrestricted	3,574,558	3,460,690	803,474	607,772	4,378,032	4,068,462
Total Net Assets	\$9,552,065	\$9,086,547	\$2,418,236	\$2,246,913	\$11,970,301	\$11,333,460

\* Restated (Note 3)

Overall, the Career Center's financial position improved in fiscal year 2011. For governmental activities, current and other assets decreased from a reduction in property tax receivable related to the elimination of the tangible personal property tax. Current and other liabilities decreased from wages payable and related deferred revenue for property taxes. Restricted net assets for governmental activities increased significantly from not acquiring capital assets with restricted dollars.

In business-type activities, current and other liabilities decreased. For fiscal year 2011, the Career Center had one less payroll that was accrued at fiscal year end. Long-term liabilities decreased from the retirement of regularly scheduled debt principal. As a result, total net assets reflect an overall increase.

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

Table 2 reflects the changes in net assets for fiscal year 2011 and fiscal year 2010.

Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2011	2010	2011	2010	2011	2010
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$1,014,841	\$1,361,675	\$2,685,779	\$3,075,509	\$3,700,620	\$4,437,184
Operating Grants, Contributions, and Interest	1,064,137	961,334	365,109	363,566	1,429,246	1,324,900
Total Program Revenues	2,078,978	2,323,009	3,050,888	3,439,075	5,129,866	5,762,084
General Revenues						
Property Taxes	3,714,608	3,659,759	0	0	3,714,608	3,659,759
Grants and Entitlements not Restricted to Specific Programs	6,318,710	6,304,722	0	0	6,318,710	6,304,722
Interest	76,540	43,118	11,026	0	87,566	43,118
Miscellaneous	75,827	339,030	85,728	94,560	161,555	433,590
Total General Revenues	10,185,685	10,346,629	96,754	94,560	10,282,439	10,441,189
Total Revenues	12,264,663	12,669,638	3,147,642	3,533,635	15,412,305	16,203,273
<u>Program Expenses</u>						
Instruction:						
Regular	381,937	361,639	0	0	381,937	361,639
Special	165,559	151,996	0	0	165,559	151,996
Vocational	6,266,443	6,387,624	0	0	6,266,443	6,387,624
Adult/Continuing	128,270	46,454	0	0	128,270	46,454
Support Services:						
Pupils	686,613	707,120	0	0	686,613	707,120
Instructional Staff	657,459	706,048	0	0	657,459	706,048
Board of Education	47,876	43,128	0	0	47,876	43,128
Administration	846,576	867,674	0	0	846,576	867,674
Fiscal	470,528	475,074	0	0	470,528	475,074
Operations and Maintenance of Plant	1,168,805	1,510,635	0	0	1,168,805	1,510,635
Pupil Transportation	31,025	29,510	0	0	31,025	29,510
Central	586,128	708,161	0	0	586,128	708,161
Noninstructional Services	331,345	339,477	0	0	331,345	339,477
Extracurricular Activities	30,581	28,301	0	0	30,581	28,301
Adult Education	0	0	2,976,319	3,358,177	2,976,319	3,358,177
Total Expenses	11,799,145	12,362,841	2,976,319	3,358,177	14,775,464	15,721,018
Excess of Revenues Over Expenses Before Transfers	465,518	306,797	171,323	175,458	636,841	482,255

(continued)

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

Table 2  
Changes in Net Assets  
(continued)

	Governmental Activities		Business-Type Activity		Total	
	2011	2010	2011	2010	2011	2010
Transfers	\$0	(\$160,170)	\$0	\$160,170	\$0	\$0
Change in Net Assets	465,518	146,627	171,323	335,628	636,841	482,255
Net Assets at Beginning of Year *	9,086,547	8,939,920	2,246,913	1,911,285	11,333,460	10,851,205
Net Assets at End of Year	<u>\$9,552,065</u>	<u>\$9,086,547</u>	<u>\$2,418,236</u>	<u>\$2,246,913</u>	<u>\$11,970,301</u>	<u>\$11,333,460</u>

\* Restated (Note 3)

For governmental activities, program revenues made up 17 percent of total revenues for fiscal year 2011, which is comparable to the prior fiscal year. Program revenues consist of tuition, sales of goods or services developed by the various career training classes, charges for providing lunches to students, and grants for specified purposes. The decrease in charges for services is primarily from not selling the home built by the construction trades class. Operating grants, contributions, and interest increased by almost 11 percent from grants for vocational instruction.

General revenues remained very comparable to the prior fiscal year, with the exception of miscellaneous revenues, which occurred from the reimbursement of costs associated with the construction of the truck academy in fiscal year 2010.

Overall, expenses for governmental activities decreased approximately 5 percent. The major program expenses are for instruction, which account for 59 percent of all governmental expenses. Expenses related to instructional staff support services decreased from the replacement of personnel that retired in fiscal year 2010 with an employee at a lower rate of pay. The decrease in operation and maintenance of plant and central support services expenses occurred from the purchase of upgrades to the network infrastructure in fiscal year 2010. The most significant increase in expenses was in adult/continuing instruction for expenses associated with the ABLE and GED programs for network infrastructure upgrades.

For business-type activities, there was an 11 percent decrease in program revenues due to a decrease in tuition from a decline of students. Operating expenses also decreased by 11 percent. The Career Center modifies the curriculum as needed to provide for only those classes that are attended.

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

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction:				
Regular	\$381,937	\$361,639	\$381,937	\$338,298
Special	165,559	151,996	(227,025)	(237,666)
Vocational	6,266,443	6,387,624	4,994,206	4,902,019
Adult/Continuing	128,270	46,454	28,830	(42,646)
Support Services:				
Pupils	686,613	707,120	681,613	702,120
Instructional Staff	657,459	706,048	657,459	706,048
Board of Education	47,876	43,128	47,876	43,128
Administration	846,576	867,674	846,576	867,674
Fiscal	470,528	475,074	470,528	475,074
Operation and Maintenance of Plant	1,168,805	1,510,635	1,168,805	1,510,635
Pupil Transportation	31,025	29,510	31,025	29,510
Central	586,128	708,161	586,128	708,161
Noninstructional Services	331,345	339,477	21,628	9,176
Extracurricular Activities	30,581	28,301	30,581	28,301
Total Expenses	\$11,799,145	\$12,362,841	\$9,720,167	\$10,039,832

It should be noted that for all governmental activities, over 82 percent of the revenues to provide these services are derived from the Career Center's general revenues; that being primarily property taxes and State shared revenues. This is comparable to fiscal year 2010. The remaining 18 percent are derived from tuition and fees, specific grants, and donations.

Program revenues paid for 25 percent of instruction costs compared to 29 percent in fiscal year 2010. The special instruction program costs were fully funded with operating grants. The adult/continuing program costs were almost fully funded with tuition and operating grants in fiscal year 2011.

The noninstructional services program costs were almost fully funded through user charges from cafeteria sales and state and federal subsidies.

#### GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund and the Permanent Improvement capital projects fund. The excess of revenues over expenditures led to an 8 percent increase in fund balance in the General Fund created from a 5 percent reduction in health insurance and unemployment and a 15 percent reduction in materials and supplies in vocational instruction and operation and maintenance of plant.

The Permanent Improvement capital projects fund had an increase of 113 percent as the Career Center was accumulating funds for possible expansion.

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

**BUSINESS-TYPE ACTIVITY FINANCIAL ANALYSIS**

The Career Center's enterprise fund is the Adult Education fund. There was an increase in net assets despite receiving less state funding by cutting programs. This resulted in a reduction of personnel and operating costs.

**GENERAL FUND BUDGETING HIGHLIGHTS**

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

During fiscal year 2011, the Career Center amended its General Fund budget as needed. Changes from both the original budget to the final budget and from the final budget to actual revenues were not significant. The same can be said for expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

The Career Center's investment in capital assets for governmental and business-type activities as of June 30, 2011, was \$4,463,459 and \$1,614,762, respectively (net of accumulated depreciation and related debt). For further information regarding the Career Center's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2011, the Career Center's overall long-term obligations consisted of long-term loans, in the amount of \$829,692. Of this amount, \$483,026 will be repaid from business-type activities. Additions and disposals were minimal for governmental activities and there were no additions or disposals for business-type activities. The Career Center's long-term obligations also includes compensated absences. For further information regarding the Career Center's long-term obligations, refer to Note 15 to the basic financial statements.

**CURRENT ISSUES**

As of June 30, 2011, the five-year forecast for the General Fund projects a significant reduction in the carryover cash balance. The General Fund's cash balance to begin fiscal year 2012 was \$4,648,846 with a projected cash balance as of June 30, 2016, of \$1,600,848.

With twenty-seven pay periods in fiscal year 2011, the Career Center encountered its first year of deficit spending since fiscal year 2004. During fiscal year 2011, the administrative team reviewed all program expenses compared to revenues and made major cuts to programs and personnel. The net result is a projected surplus for fiscal year 2012 of approximately \$358,000.

**Apollo Career Center**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in our Career Center's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Greg Bukowski, Treasurer, Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.



**Apollo Career Center**  
Statement of Net Assets  
June 30, 2011

	Governmental Activities	Business- Type Activity	Total
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$6,078,359	\$803,257	\$6,881,616
Accounts Receivable	10,284	22,985	33,269
Accrued Interest Receivable	9,904	0	9,904
Intergovernmental Receivable	6,037	106,997	113,034
Prepaid Items	41,195	30,775	71,970
Property Taxes Receivable	3,725,479	0	3,725,479
Nondepreciable Capital Assets	320,294	20,914	341,208
Depreciable Capital Assets, Net	4,489,831	2,076,874	6,566,705
<b>Total Assets</b>	<b>14,681,383</b>	<b>3,061,802</b>	<b>17,743,185</b>
<b><u>Liabilities</u></b>			
Accrued Wages and Benefits Payable	714,349	102,547	816,896
Accounts Payable	78,092	15,251	93,343
Intergovernmental Payable	175,211	25,017	200,228
Matured Compensated Absences Payable	44,672	0	44,672
Deferred Revenue	3,108,698	0	3,108,698
Long-Term Liabilities			
Due Within One Year	203,637	98,229	301,866
Due in More Than One Year	804,659	402,522	1,207,181
<b>Total Liabilities</b>	<b>5,129,318</b>	<b>643,566</b>	<b>5,772,884</b>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	4,463,459	1,614,762	6,078,221
Restricted for:			
Capital Projects	1,406,480	0	1,406,480
Other Purposes	107,568	0	107,568
Unrestricted	3,574,558	803,474	4,378,032
<b>Total Net Assets</b>	<b>\$9,552,065</b>	<b>\$2,418,236</b>	<b>\$11,970,301</b>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activity	Total
<b><u>Governmental Activities</u></b>						
Instruction:						
Regular	\$381,937	\$0	\$0	(\$381,937)	\$0	(\$381,937)
Special	165,559	0	392,584	227,025	0	227,025
Vocational	6,266,443	845,778	426,459	(4,994,206)	0	(4,994,206)
Adult/Continuing	128,270	0	99,440	(28,830)	0	(28,830)
Support Services:						
Pupils	686,613	0	5,000	(681,613)	0	(681,613)
Instructional Staff	657,459	0	0	(657,459)	0	(657,459)
Board of Education	47,876	0	0	(47,876)	0	(47,876)
Administration	846,576	0	0	(846,576)	0	(846,576)
Fiscal	470,528	0	0	(470,528)	0	(470,528)
Operation and Maintenance						
of Plant	1,168,805	0	0	(1,168,805)	0	(1,168,805)
Pupil Transportation	31,025	0	0	(31,025)	0	(31,025)
Central	586,128	0	0	(586,128)	0	(586,128)
Noninstructional Services	331,345	169,063	140,654	(21,628)	0	(21,628)
Extracurricular Activities	30,581	0	0	(30,581)	0	(30,581)
Total Governmental Activities	11,799,145	1,014,841	1,064,137	(9,720,167)	0	(9,720,167)
<b><u>Business-Type Activity</u></b>						
Adult Education	2,976,319	2,685,779	365,109	0	74,569	74,569
Total	<u>\$14,775,464</u>	<u>\$3,700,620</u>	<u>\$1,429,246</u>	<u>(9,720,167)</u>	<u>74,569</u>	<u>(9,645,598)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes				3,077,509	0	3,077,509
Permanent Improvement				637,099	0	637,099
Grants and Entitlements not Restricted to Specific Programs				6,318,710	0	6,318,710
Interest				76,540	11,026	87,566
Miscellaneous				75,827	85,728	161,555
Total General Revenues				<u>10,185,685</u>	<u>96,754</u>	<u>10,282,439</u>
Change in Net Assets				465,518	171,323	636,841
Net Assets at Beginning of Year - Restated (Note 3)				<u>9,086,547</u>	<u>2,246,913</u>	<u>11,333,460</u>
Net Assets at End of Year				<u>\$9,552,065</u>	<u>\$2,418,236</u>	<u>\$11,970,301</u>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2011

	General	Permanent Improvement	Other Governmental	Total
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$4,648,846	\$845,864	\$583,649	\$6,078,359
Accounts Receivable	9,704	0	580	10,284
Accrued Interest Receivable	9,904	0	0	9,904
Interfund Receivable	145,000	0	0	145,000
Intergovernmental Receivable	6,037	0	0	6,037
Prepaid Items	35,438	5,500	257	41,195
Property Taxes Receivable	3,056,855	668,624	0	3,725,479
Total Assets	<u>\$7,911,784</u>	<u>\$1,519,988</u>	<u>\$584,486</u>	<u>\$10,016,258</u>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accrued Wages and Benefits Payable	\$705,941	\$0	\$8,408	\$714,349
Accounts Payable	37,238	40,292	562	78,092
Interfund Payable	0	0	145,000	145,000
Intergovernmental Payable	162,270	0	12,941	175,211
Matured Compensated Absences Payable	44,672	0	0	44,672
Deferred Revenue	2,612,802	644,453	0	3,257,255
Total Liabilities	<u>3,562,923</u>	<u>684,745</u>	<u>166,911</u>	<u>4,414,579</u>
<b><u>Fund Balances</u></b>				
Nonspendable	35,438	5,500	257	41,195
Restricted	0	829,743	42,571	872,314
Assigned	558,196	0	521,176	1,079,372
Unassigned (Deficit)	3,755,227	0	(146,429)	3,608,798
Total Fund Balances	<u>4,348,861</u>	<u>835,243</u>	<u>417,575</u>	<u>5,601,679</u>
Total Liabilities and Fund Balances	<u>\$7,911,784</u>	<u>\$1,519,988</u>	<u>\$584,486</u>	<u>\$10,016,258</u>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
 Reconciliation of Total Governmental Fund Balances  
 to Net Assets of Governmental Activities  
 June 30, 2011

Total Governmental Fund Balances	\$5,601,679
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**Amounts reported for governmental activities on the statement of net assets are different because of the following:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,810,125
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Accounts Receivable	2,578
Accrued Interest Receivable	8,875
Property Taxes Receivable	137,104
	148,557

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Loans Payable	(346,666)
Compensated Absences Payable	(661,630)
	(1,008,296)

Net Assets of Governmental Activities	\$9,552,065
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See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

	General	Permanent Improvement	Other Governmental	Total
<b><u>Revenues</u></b>				
Property Taxes	\$3,180,862	\$631,850	\$0	\$3,812,712
Intergovernmental	6,528,953	242,573	610,054	7,381,580
Interest	102,379	0	959	103,338
Tuition and Fees	733,890	0	0	733,890
Charges for Services	111,275	0	169,259	280,534
Miscellaneous	66,071	1,880	7,200	75,151
<b>Total Revenues</b>	<b>10,723,430</b>	<b>876,303</b>	<b>787,472</b>	<b>12,387,205</b>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular	375,168	0	0	375,168
Special	161,531	0	0	161,531
Vocational	5,721,447	12,195	331,052	6,064,694
Adult/Continuing	0	0	46,015	46,015
Support Services:				
Pupils	651,323	0	48,100	699,423
Instructional Staff	520,446	399	170,763	691,608
Board of Education	47,468	0	0	47,468
Administration	839,647	202	15,805	855,654
Fiscal	481,569	14,543	0	496,112
Operation and Maintenance of Plant	1,154,072	7,988	0	1,162,060
Pupil Transportation	11,228	0	0	11,228
Central	409,044	5,379	0	414,423
Noninstructional Services	1,400	0	342,672	344,072
Extracurricular Activities	30,581	0	0	30,581
Capital Outlay	0	366,598	0	366,598
Debt Service:				
Principal Retirement	0	26,667	0	26,667
<b>Total Expenditures</b>	<b>10,404,924</b>	<b>433,971</b>	<b>954,407</b>	<b>11,793,302</b>
<b>Changes in Fund Balances</b>	<b>318,506</b>	<b>442,332</b>	<b>(166,935)</b>	<b>593,903</b>
<b>Fund Balances at Beginning of Year - Restated (Note 3)</b>	<b>4,030,355</b>	<b>392,911</b>	<b>584,510</b>	<b>5,007,776</b>
<b>Fund Balances at End of Year</b>	<b>\$4,348,861</b>	<b>\$835,243</b>	<b>\$417,575</b>	<b>\$5,601,679</b>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Fiscal Year Ended June 30, 2011

Changes in Fund Balances - Total Governmental Funds \$593,903

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

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

Capital Outlay - Depreciable Assets	167,787	
Depreciation	<u>(325,509)</u>	(157,722)

The book value of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (3,858)

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

Property Taxes	(98,104)	
Interest	(25,531)	
Tuition and Fees	417	
Miscellaneous	<u>676</u>	(122,542)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 26,667

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 129,070

Change in Net Assets of Governmental Activities \$465,518

See accompanying notes to the basic financial statements

**Apollo 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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>Revenues</u></b>				
Property Taxes	\$2,963,502	\$2,963,502	\$2,995,292	\$31,790
Intergovernmental	6,494,414	6,494,414	6,528,953	34,539
Interest	106,175	106,175	105,850	(325)
Tuition and Fees	703,999	740,999	734,256	(6,743)
Charges for Services	114,746	114,746	112,137	(2,609)
Miscellaneous	88,579	90,899	94,546	3,647
<b>Total Revenues</b>	<b>10,471,415</b>	<b>10,510,735</b>	<b>10,571,034</b>	<b>60,299</b>
<b><u>Expenditures</u></b>				
Current:				
Instruction:				
Regular	403,800	403,800	400,586	3,214
Special	162,300	162,300	163,873	(1,573)
Vocational	6,296,938	6,512,237	6,292,064	220,173
Support Services:				
Pupils	608,700	651,700	713,736	(62,036)
Instructional Staff	527,500	527,500	569,486	(41,986)
Board of Education	54,600	54,600	56,601	(2,001)
Administration	882,400	882,400	891,266	(8,866)
Fiscal	234,200	256,200	500,313	(244,113)
Operation and Maintenance of Plant	1,242,202	1,242,202	1,265,362	(23,160)
Pupil Transportation	10,000	10,000	12,973	(2,973)
Central	463,000	463,000	442,349	20,651
Noninstructional Activities	1,560	1,400	1,400	0
Extracurricular Activities	25,000	25,000	31,691	(6,691)
<b>Total Expenditures</b>	<b>10,912,200</b>	<b>11,192,339</b>	<b>11,341,700</b>	<b>(149,361)</b>
Excess of Revenues Under Expenditures	(440,785)	(681,604)	(770,666)	(89,062)
<b><u>Other Financing Uses</u></b>				
Other Financing Uses	0	(4,032,265)	0	4,032,265
Advances Out	(58,150)	(57,550)	(80,000)	(22,450)
Transfers Out	(50,000)	(50,000)	0	50,000
<b>Total Other Financing Uses</b>	<b>(108,150)</b>	<b>(4,139,815)</b>	<b>(80,000)</b>	<b>4,059,815</b>
<b>Changes in Fund Balance</b>	<b>(548,935)</b>	<b>(4,821,419)</b>	<b>(850,666)</b>	<b>3,970,753</b>
Fund Balance at Beginning of Year -				
Restated (Note 3)	4,281,930	4,281,930	4,281,930	0
Prior Year Encumbrances Appropriated	638,428	638,428	638,428	0
<b>Fund Balance at End of Year</b>	<b>\$4,371,423</b>	<b>\$98,939</b>	<b>\$4,069,692</b>	<b>\$3,970,753</b>

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Fund Net Assets  
Enterprise Fund  
June 30, 2011

	Adult Education
<b><u>Assets</u></b>	
<b><u>Current Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$803,257
Accounts Receivable	22,985
Intergovernmental Receivable	106,997
Prepaid Items	30,775
Total Current Assets	964,014
<b><u>Noncurrent Assets</u></b>	
Nondepreciable Capital Assets	20,914
Depreciable Capital Assets, Net	2,076,874
Total Noncurrent Assets	2,097,788
Total Assets	3,061,802
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities</u></b>	
Accrued Wages and Benefits Payable	102,547
Accounts Payable	15,251
Intergovernmental Payable	25,017
Loans Payable	80,504
Compensated Absences Payable	17,725
Total Current Liabilities	241,044
<b><u>Noncurrent Liabilities</u></b>	
Loans Payable	402,522
Total Liabilities	643,566
<b><u>Net Assets</u></b>	
Invested in Capital Assets, Net of Related Debt	1,614,762
Unrestricted	803,474
Total Net Assets	\$2,418,236

See accompanying notes to the basic financial statements



**Apollo Career Center**  
Statement of Revenues, Expenses, and Change in Fund Net Assets  
Enterprise Fund  
For the Fiscal Year Ended June 30, 2011

	Adult Education
<b><u>Operating Revenues</u></b>	
Charges for Services	\$2,685,779
Miscellaneous	85,728
Total Operating Revenues	2,771,507
<b><u>Operating Expenses</u></b>	
Personal Services	1,576,261
Fringe Benefits	379,561
Materials and Supplies	461,453
Contractual Services	454,161
Depreciation	104,883
Total Operating Expenses	2,976,319
Operating Loss	(204,812)
<b><u>Non-Operating Revenues</u></b>	
Interest Revenue	11,026
Grants	365,109
Total Non-Operating Revenues	376,135
Change in Net Assets	171,323
Net Assets at Beginning of Year - Restated (Note 3)	2,246,913
Net Assets at End of Year	\$2,418,236

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Cash Flows  
Enterprise Fund  
For the Fiscal Year Ended June 30, 2011

	Adult Education
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	
<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Customers	\$2,668,851
Cash Received from Other Revenues	108,148
Cash Payments for Personal Services	(1,690,810)
Cash Payments for Fringe Benefits	(397,393)
Cash Payments for Materials and Supplies	(472,969)
Cash Payments for Contractual Services	(468,171)
Net Cash Used for Operating Activities	(252,344)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Cash Received from Grants	394,395
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Cash Payments for Loans Principal	(80,504)
<b><u>Cash Flows from Investing Activities</u></b>	
Interest Revenue	11,026
Net Increase in Cash and Cash Equivalents	72,573
Cash and Cash Equivalents at Beginning of Year	730,684
Cash and Cash Equivalents at End of Year	\$803,257
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u></b>	
Operating Loss	(\$204,812)
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities</u></b>	
Depreciation	104,883
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(22,985)
Decrease in Intergovernmental Receivable	28,477
Increase in Prepaid Items	(15,460)
Decrease in Accrued Wages and Benefits Payable	(111,443)
Decrease in Accounts Payable	(10,598)
Decrease in Intergovernmental Payable	(17,300)
Decrease in Compensated Absences Payable	(3,106)
Net Cash Used for Operating Activities	(\$252,344)

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	Private Purpose Trust	Agency
<b><u>Assets</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$246,825	\$55,748
Intergovernmental Receivable	0	29,369
Total Assets	246,825	\$85,117
<b><u>Liabilities</u></b>		
Due to Students	0	\$54,094
Undistributed Assets	0	31,023
Total Liabilities	0	\$85,117
<b><u>Net Assets</u></b>		
Held in Trust for Scholarships	\$246,825	

See accompanying notes to the basic financial statements

**Apollo Career Center**  
Statement of Change in Fiduciary Net Assets  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2011

<b><u>Additions</u></b>	
Interest	\$9,414
Gifts and Contributions	87,361
Miscellaneous	<u>266</u>
Total Additions	97,041
<b><u>Deductions</u></b>	
Noninstructional Services	<u>32,028</u>
Change in Net Assets	65,013
Net Assets at Beginning of Year - Restated (Note 3)	<u>181,812</u>
Net Assets at End of Year	<u><u>\$246,825</u></u>

See accompanying notes to the basic financial statements

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**Note 1 - Description of the Career Center and Reporting Entity**

Apollo Career Center (the “Career Center”) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating School District’s elected boards. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established on February 12, 1973. The Career Center serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by thirty-seven classified employees, eighty-one certified teaching personnel, and ten administrators who provide services to one thousand five hundred ninety-three students and other community members. The Career Center currently operates eight instructional buildings.

**Reporting Entity**

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

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for property taxes and related resources restricted for the acquisition, construction, or improvement of capital facilities.

The other governmental funds of the Career Center account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, change in net assets, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the Career Center's only enterprise fund:

Adult Education Fund - The Adult Education enterprise fund is used to account for tuition charges and grants restricted for adult education.

Fiduciary Funds

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

**C. Measurement Focus**

Government-Wide Financial Statements

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**Fund Financial Statements**

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

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the Career Center finances and meets the cash flow needs of its enterprise activity.

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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



Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget (five-year forecast), the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

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

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

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For the Fiscal Year Ended June 30, 2011

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**F. Cash and Investments**

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

During fiscal year 2011, the Career Center’s investments included repurchase agreements, federal agency securities, U.S. Treasury securities, mutual funds, and STAR Ohio. The Career Center’s investments are reported at fair value, except for repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 was \$102,379, which included \$20,949 assigned from other Career Center funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Capital Assets**

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Career Center maintains a capitalization threshold of two thousand dollars. The Career Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	20 years
Buildings and Building Improvements	20 - 50 years	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	8 years

**I. Interfund Assets/Liabilities**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivables/Payables”. Interfund balances are eliminated on the statement of net assets, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as “Internal Balances”.

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center’s past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Net Assets**

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

**M. Fund Balance**

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

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

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

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

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

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

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

**N. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Career Center, these revenues are charges for services for adult education. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

**O. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Transfers within governmental activities or business-type activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund 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 the 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.

**P. Estimates**

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

**Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets**

For fiscal year 2011, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

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The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Adult Education	Permanent Improvement	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2010	\$3,855,814	\$547,753	\$914,087	\$251,189	\$5,568,843
Change in Fund Structure	174,541	(547,753)	(521,176)	333,321	(561,067)
Adjusted Fund Balance at June 30, 2010	<u>\$4,030,355</u>	<u>\$0</u>	<u>\$392,911</u>	<u>\$584,510</u>	<u>\$5,007,776</u>

In addition, the fund balance at the beginning of the year – Budget (Non-GAAP Basis) and Actual – General Fund increased by \$109,541.

The restatement had the following effect on net assets:

	Governmental Activities	Business-Type Activity	Private Purpose Trust
Net Assets June 30, 2010	\$11,346,774	\$0	\$168,498
Change in Fund Structure	(621,086)	607,772	13,314
Capital Assets	(3,121,314)	3,121,314	0
Accumulated Depreciation	918,643	(918,643)	0
Loans Payable	563,530	(563,530)	0
Adjusted Net Assets at June 30, 2010	<u>\$9,086,547</u>	<u>\$2,246,913</u>	<u>\$181,812</u>

**Note 4 - Accountability**

At June 30, 2011, the House Construction, Vocational Education Enhancement, Miscellaneous State Grants, Adult Basic Literacy Education, and Vocational Education special revenue funds had deficit fund balances of \$144,673, \$40, \$48, \$271, and \$1,397, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

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

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

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

Changes in Fund Balance

	General
GAAP Basis	\$318,506
<u>Increase (Decrease) Due To</u>	
Revenue Accruals:	
Accrued FY 2010, Received in Cash FY 2011	314,599
Accrued FY 2011, Not Yet Received in Cash	(469,698)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(1,291,763)
Accrued FY 2011, Not Yet Paid in Cash	950,121
Change in Fair Value	2,703
Prepaid Items	(16,240)
Advances Out	(80,000)
Encumbrances Outstanding at Year End (Budget Basis)	(578,894)
Budget Basis	(\$850,666)

**Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper 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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.



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Investments

As of June 30, 2011, the Career Center had the following investments.

	Total	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Repurchase Agreement	\$6,161,100	\$6,161,100	\$0	\$0	\$0
Federal Home Loan Mortgage Corporation Notes	595,039	0	79,867	370,124	145,048
Federal Home Loan Bank Bonds	100,023	0	0	100,023	0
Federal Home Loan Bank Notes	224,747	0	0	224,747	0
Federal National Mortgage Association Notes	49,992	0	0	0	49,992
U.S. Treasury Bill	49,934	0	49,934	0	0
Mutual Funds	40,380	40,380	0	0	0
STAR Ohio	964	964	0	0	0
Total	<u>\$7,222,179</u>	<u>\$6,202,444</u>	<u>\$129,801</u>	<u>\$694,894</u>	<u>\$195,040</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the Career Center. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The securities underlying the repurchase agreements (Federal Home Loan Mortgage Corporation Consolidated Mortgage Obligations, Government National Mortgage Association Consolidated Mortgage Obligations, and Federal National Mortgage Association Consolidated Mortgage Obligations), the Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, and mutual funds carry a rating of Aaa by Moodys. The Washington Mutual Investment Fund is not rated and does not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. STAR Ohio carries a rating of AAA by Standard and Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of State statute.

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The Career Center places no limit on the amount it may invest in any one issuer. The following table indicates the percentage of each investment to the total portfolio:

	Fair Value	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	\$595,039	8.24%
Federal Home Loan Bank	324,770	4.50
Federal National Mortgage Association	49,992	.69
U.S. Treasury Bill	49,934	.69

**Note 7 - Receivables**

Receivables at June 30, 2011, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except 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.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Reimbursements	\$6,037
Business-Type Activity	
Adult Education	
Tuition	\$73,534
Grant	33,463
Total Business-Type Activity	\$106,997
Agency Funds	
Pell Grant	
Grant	\$29,369

**Note 8 - Property Taxes**

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

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Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located within the area served by the Career Center. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. 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. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$455,506 in the General Fund and \$24,171 in the Replacement capital projects fund. The amount available as an advance at June 30, 2010, was \$269,936 in the General Fund and \$17,653 in the Replacement capital projects fund.

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

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The assessed values upon which fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$1,286,155,070	75.24%	\$1,517,649,850	77.85%
Commercial/Industrial	346,361,690	20.26	392,551,950	20.14
Public Utility	76,949,190	4.50	85,597,040	2.01
Total Assessed Value	<u>\$1,709,465,950</u>	<u>100.00%</u>	<u>\$1,995,798,840</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/10 *	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$320,294	\$0	\$0	\$320,294
Depreciable Capital Assets				
Land Improvements	279,207	0	0	279,207
Buildings and Building Improvements	7,919,888	17,957	0	7,937,845
Furniture, Fixtures, and Equipment	2,162,803	149,830	(36,379)	2,276,254
Vehicles	344,819	0	0	344,819
Total Depreciable Capital Assets	<u>10,706,717</u>	<u>167,787</u>	<u>(36,379)</u>	<u>10,838,125</u>
Less Accumulated Depreciation				
Land Improvements	(192,831)	(6,124)	0	(198,955)
Buildings and Building Improvements	(4,406,912)	(173,102)	0	(4,580,014)
Furniture, Fixtures, and Equipment	(1,194,212)	(127,736)	32,521	(1,289,427)
Vehicles	(261,351)	(18,547)	0	(279,898)
Total Accumulated Depreciation	<u>(6,055,306)</u>	<u>(325,509)</u>	<u>32,521</u>	<u>(6,348,294)</u>
Depreciable Capital Assets, Net	<u>4,651,411</u>	<u>(157,722)</u>	<u>(3,858)</u>	<u>4,489,831</u>
Governmental Activities Capital Assets, Net	<u>\$4,971,705</u>	<u>(\$157,722)</u>	<u>(\$3,858)</u>	<u>\$4,810,125</u>

\* As Restated, See Note 3

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	Balance at 6/30/10 *	Additions	Reductions	Balance at 6/30/11
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$20,914	\$0	\$0	\$20,914
Depreciable Capital Assets				
Land Improvements	416,808	0	0	416,808
Buildings and Building Improvements	2,245,141	0	0	2,245,141
Furniture, Fixtures, and Equipment	146,638	0	0	146,638
Vehicles	291,813	0	0	291,813
Total Depreciable Capital Assets	3,100,400	0	0	3,100,400
Less Accumulated Depreciation				
Land Improvements	(81,043)	(20,840)	0	(101,883)
Buildings and Building Improvements	(646,213)	(45,976)	0	(692,189)
Furniture, Fixtures, and Equipment	(63,804)	(8,321)	0	(72,125)
Vehicles	(127,583)	(29,746)	0	(157,329)
Total Accumulated Depreciation	(918,643)	(104,883)	0	(1,023,526)
Depreciable Capital Assets, Net	2,181,757	(104,883)	0	2,076,874
Business-Type Activities Capital Assets, Net	\$2,202,671	(\$104,883)	\$0	\$2,097,788

\* As Restated, See Note 3

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$6,623
Vocational	225,399
Adult/Continuing	3,700
Support Services:	
Pupils	253
Instructional Staff	7,813
Board of Education	408
Administration	2,364
Fiscal	1,908
Operation and Maintenance of Plant	23,612
Pupil Transportation	19,797
Central	21,275
Noninstructional Services	12,357
Total Depreciation Expense	<u>\$325,509</u>

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**Note 10 - Interfund Receivables/Payables**

At June 30, 2011, the General Fund had an interfund receivable, in the amount of \$145,000, from providing cash flow resources to other governmental funds. This amount is expected to be repaid within one year.

**Note 11 - Risk Management**

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Career Center contracted for the following insurance coverage.

SORSA

Building and Contents - Replacement Cost	\$31,866,062
Automobile Liability	1,000,000
Excess Liability	2,000,000
General Liability	
Per Occurrence	4,000,000
Aggregate	6,000,000

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

In fiscal year 2011, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of ten school districts and the Allen County Educational Service Center. The Career Center pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The Career Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participant's claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

**Note 12 - Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

Plan Description - The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The Career Center's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$682,397 and \$24,171 for the fiscal year ended June 30, 2011, \$805,752 and \$25,610 for the fiscal year ended June 30, 2010, and \$812,258, for the fiscal year ended June 30, 2009. For fiscal year 2011, 87 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The contribution to STRS Ohio for the DCP for fiscal year 2011 was \$26,126 made by the Career Center and \$18,662 made by the plan members. In addition, member contributions of \$17,265 were made for fiscal year 2011 for the defined contribution portion of the CP.

**B. School Employees Retirement System**

Plan Description - The Career Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$227,004, \$234,490, and \$175,093, respectively. For fiscal year 2011, 97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2011, five of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 13 - Postemployment Benefits**

**A. State Teachers Retirement System**

Plan Description - The Career Center participates in a cost-sharing multiple-employer defined benefit Health Care 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. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).



Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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Funding Policy - Chapter 3307 of the Ohio Revised Code 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The Career Center's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$56,361, \$66,486, and \$64,304, respectively. For fiscal year 2011, 87 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**B. School Employees Retirement System**

Plan Description - The Career Center participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 105(e). For fiscal year 2011, 1.43 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 fiscal year 2011, this amount was \$35,800. For fiscal year 2011, the Career Center paid \$29,025 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 Career Center's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$27,487, \$8,440, and \$80,130, respectively. For fiscal year 2011, 97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The Career Center's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$14,608, \$13,945, and \$14,447, respectively. For fiscal year 2011, 97 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**Note 14 - Other Employee Benefits**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Teachers and administrators may accumulate sick leave up to a maximum of two hundred thirty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of fifty-seven days. Classified employees may accumulate sick leave up to a maximum of two hundred forty days and upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days.

**B. Health Care Benefits**

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employee pays 5 to 15 percent of the cost of the monthly premium based on the type of coverage. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to all contract employees through CBA Benefit Services.

**Note 15 - Long-Term Obligations**

The changes in the Career Center's long-term obligations during fiscal year 2011 were as follows:

	Balance at 6/30/10 *	Additions	Reductions	Balance at 6/30/11	Within One Year
<b>Governmental Activities</b>					
Building Assistance Loans 0%	\$373,333	\$0	\$26,667	\$346,666	\$80,000
Compensated Absences Payable	790,700	27,082	156,152	661,630	123,637
<b>Total Long-Term Obligations</b>	<b>\$1,164,033</b>	<b>\$27,082</b>	<b>\$182,819</b>	<b>\$1,008,296</b>	<b>\$203,637</b>
<b>Business-Type Activities</b>					
Building Assistance Loans 0%	\$563,530	\$0	\$80,504	\$483,026	\$80,504
Compensated Absences Payable	20,831	9,989	13,095	17,725	17,725
<b>Total Long-Term Obligations</b>	<b>\$584,361</b>	<b>\$9,989</b>	<b>\$93,599</b>	<b>\$500,751</b>	<b>\$98,229</b>

\* As Restated, See Note 3

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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Building Assistance Loans - In January 2003, the Career Center obtained an interest-free loan for the construction of an equipment building, in the amount of \$800,000. The loan was issued for a fifteen year period with final maturity in July 2018. The loan is being retired from the Permanent Improvement capital projects fund.

In March 2002, the Career Center obtained an interest-free loan for the construction of an adult education addition, in the amount of \$1,019,779. The loan was issued for a fifteen year period with final maturity in July 2017. The loan is being retired from the Adult Education enterprise fund.

Compensated absences will be paid from the General and Food Service special revenue funds, and the Adult Education enterprise fund.

The Career Center's overall debt margin was \$171,182,198 with an unvoted debt margin of \$1,911,243 at June 30, 2011.

Principal requirements to retire the outstanding loans at June 30, 2011, were as follows:

Fiscal year Ending June 30,	Governmental Activities Principal	Business-Type Activities Principal
2012	\$80,000	\$80,504
2013	53,333	80,505
2014	53,333	80,504
2015	53,333	80,505
2016	53,333	80,504
2017	53,334	80,504
Total	\$346,666	\$483,026

**Note 16 - Set Asides**

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

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2011.

	Textbooks	Capital Improvements
Balance June 30, 2010	(\$1,478,462)	\$0
Current Year Set Aside Requirement	133,776	133,776
Qualifying Expenditures	(319,376)	0
Current Year Offsets	0	(133,776)
Balance June 30, 2011	(\$1,664,062)	\$0

The Career Center had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside amount requirement in future fiscal years.

**Note 17 - Fund Balance**

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

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

Fund Balance	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable for:				
Prepays	\$35,438	\$5,500	\$257	\$41,195
Restricted for:				
Capital Improvements	0	829,743	0	829,743
Food Service Operations	0	0	42,571	42,571
Total Restricted	0	829,743	42,571	872,314
Assigned for:				
Capital Improvements	0	0	521,176	521,176
Educational Activities	3,457	0	0	3,457
Unpaid Obligations	554,739	0	0	554,739
Total Assigned	558,196	0	521,176	1,079,372
Unassigned (Deficit):	3,755,227	0	(146,429)	3,608,798
Total Fund Balance	\$4,348,861	\$835,243	\$417,575	\$5,601,679

**Note 18 - Jointly Governed Organizations**

The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2011, the Career Center paid \$51,012 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**Note 19 - Insurance Pools**

**A. Schools of Ohio Risk Sharing Authority**

The Career Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

**B. Allen County Schools Health Benefits Plan**

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Schools Health Benefits Plan, 204 North Main Street, Lima, Ohio 45801.

**C. Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan**

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Apollo Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**Note 20 - Contingencies**

**A. Grants**

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2011.

**B. Litigation**

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

**APOLLO CAREER CENTER  
ALLEN COUNTY, OHIO**

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05-PU	10.553	16,647	-	16,647	
National School Lunch Program	LL-P4	10.555	119,739	13,507	119,739	13,507
Total - Nutrition Cluster			136,386	13,507	136,386	13,507
Total United States Department of Agriculture			136,386	13,507	136,386	13,507
<b>United States Department of Education</b>						
<i>Direct from the Federal Government</i>						
<i>Student Financial Aid Cluster:</i>						
Federal Pell Grant Program	N	84.063	556,273	-	556,273	-
Total Student Financial Aid Cluster			556,273	-	556,273	-
<i>Passed through the Ohio Board of Regents</i>						
Adult Education - State Grant Program	ABS1	84.002	99,440	-	99,440	-
<i>Passed through the Ohio Department of Education</i>						
Career and Technical Education - Basic Grants to States	20-C2	84.048	339,283	-	339,283	-
Improving Teacher Quality State Grants	TR-S1	84.367	6,867	-	6,867	-
Total United States Department of Education			1,001,863	-	1,001,863	-
<b>Total Federal Financial Assistance</b>			<b>\$ 1,138,249</b>	<b>\$ 13,507</b>	<b>\$ 1,138,249</b>	<b>\$ 13,507</b>

N - Direct from the Federal Government

See Accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards

**Apollo Career Center  
Allen County**

**Notes to the Schedule of Receipts and Expenditures of Federal Awards  
For The Fiscal Year Ended June 30, 2011**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DONATION**

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





# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Members of the Board  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

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 Apollo Career Center, Allen County, Ohio (the Career Center), as of and for the year ended June 30, 2011, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 19, 2012 wherein we noted that the Career Center implemented GASB Statement No. 54. 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 Career 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 Career Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Career 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 Career Center's financial statements will not be prevented, or detected and timely corrected.

### **Internal Control over Financial Reporting (Continued)**

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.

### **Compliance and Other Matters**

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
January 19, 2012



# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Members of the Board  
Apollo Career Center  
3325 Shawnee Road  
Lima, Ohio 45806

### Compliance

We have audited the compliance of Apollo Career Center, Allen County, Ohio (the Career Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Apollo Career Center's major federal program for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Career Center's major federal program. The Career 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 Career Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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 Career 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 Career Center's compliance with those requirements.

In our opinion, Apollo Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

### Internal Control Over Compliance

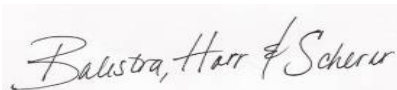
The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Career Center's internal 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 Career Center's internal control over compliance.

Members of the Board of Education  
Apollo Career Center  
Report on Compliance with Requirements Applicable to each Major Federal Program and on  
Internal Control Over Compliance Required by OMB Circular A-133  
Page 2

*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, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
January 19, 2012

**Apollo Career Center  
Allen County, Ohio**

**Schedule of Findings  
OMB Circular A-133 Section §.505  
June 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	Career and Technical Education – Basic Grants to States; CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Apollo Career Center  
Allen County, Ohio**

**Schedule of Findings  
*OMB Circular A-133 Section §.505*  
June 30, 2011**

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

**None noted**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**None noted**



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Auditor's Report on Applying Agreed Upon Procedures

Apollo Career Center  
Allen County  
3325 Shawnee Road  
Lima, Ohio 45806

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on January 7, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Balestra, Harr & Scherer, CPAs, Inc.

January 19, 2012

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# Dave Yost • Auditor of State

**APOLLO CAREER CENTER**

**ALLEN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2012**