



Dave Yost • Auditor of State

**CANWO
FULTON COUNTY**

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Dave Yost • Auditor of State

Canwo
Fulton County
316 Mason Road West
Milan, Ohio 44846-9771

To the Management Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

Columbus, Ohio

August 8, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Canwo
Fulton County
316 Mason Road West
Milan, Ohio 44846-9771

To the Management Council:

We have audited the accompanying financial statements of Canwo, Fulton County, Ohio, as of and for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of Canwo's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 opinion.

As described more fully in Note 1, Canwo has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While Canwo does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. Canwo has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2012 and 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Canwo as of June 30, 2012 and 2011, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance as of June 30, 2012 and 2011 of CANWO, Fulton County, Ohio, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 CANWO adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As described in Note 4, in 2013 the Management Council terminated the agreement establishing Canwo.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2013, on our consideration of Canwo'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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

August 8, 2013

**CANWO
FULTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
GENERAL FUND
FOR THE YEARS ENDED JUNE 20, 2012 AND 2011**

	2012	2011
Cash Receipts		
Earnings on Investments		\$103
Cash Disbursements		
Current:		
Advertising		19
Audit Costs		1,216
<i>Total Cash Disbursements</i>		1,235
<i>Net Change in Fund Cash Balance</i>		(1,132)
<i>Fund Cash Balance, July 1</i>	\$91,791	92,923
Fund Cash Balance, June 30		
Unassigned	91,791	91,791
<i>Fund Cash Balance, June 30</i>	\$91,791	\$91,791

The notes to the financial statements are an integral part of this statement.

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**CANWO
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Canwo, Fulton County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Canwo is directed by a Membership (i.e. management council), organized under Chapter 167 of the Ohio Revised Code as a not-for-profit Council of Governments. The Membership consists of representatives from the participating school districts and community colleges; there were 12 participating members during 2008 and 2007. Canwo is to function as a regional training and support center for local member training academies in northwest Ohio. The participating subdivisions are:

EHOVE Career Center	Bowling Green State University - Firelands
Owens Community College – Toledo	Four County Career Center
Sentinel Career Center	Owens Community College – Findlay
Terra Community College	Vanguard Joint Vocational School District
Vermillion City School District	Whitmer Career and Tech Center

Canwo's management believes these financial statements present all activities for which Canwo is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. Canwo recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

Northern Buckeye Education Council (NBEC) is the fiscal agent for Canwo. The NBEC deposit and investment pool holds Canwo's assets, and are valued at the NBEC Treasurer's reported carrying amount.

D. Fund Accounting

The General Fund accounts for and reports all financial resources.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which Canwo must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**CANWO
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Nonspendable

Canwo classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

The Management Council can *commit* amounts via formal action (resolution). Canwo must adhere to these commitments unless the Management Council amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Management Council or a Canwo official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Canwo applies restricted resources first when expenditures are 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 could be used.

F. Property, Plant, and Equipment

Canwo records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. CHANGE IN ACCOUNTING PRINCIPLE

For 2011, Canwo implemented Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Implementing GASB Statement No. 54 had no effect on fund balance previously reported.

**CANWO
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

3. RISK MANAGEMENT

Commercial Insurance

Canwo is uninsured for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

4. SUBSEQUENT EVENT

On February 22, 2013, the Management Council of Canwo adopted a resolution terminating the agreement establishing Canwo and authorizing the Treasurer of the EHOVE Career Center to execute any and all documents and take any and all action necessary or appropriate to finalize the affairs of Canwo and distribute remaining cash assets to the member entities. The remaining cash assets of Canwo were distributed as follows:

Balance of CANWO Funds at June 30, 2012	\$91,791
Distribution of Remaining Balance Upon Dissolution:	
Legal Fees Associated with Dissolution	534
Distribution to EHOVE Career Center for Anticipated Future Expenses	1,257
Distributions to Original Members:	
EHOVE Career Center	9,000
Bowling Green State University - Firelands	9,000
Four County Career Center	9,000
Owens Community College - Findlay	9,000
Owens Community College - Toledo	9,000
Sentinel Career Center	9,000
Terra Community College	9,000
Vanguard Career Center	9,000
Vermilion Local School District	9,000
Whitmer Career and Tech Center	9,000
Balance of CANWO Funds at February 22, 2013	<u>\$0</u>

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Dave Yost • Auditor of State

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

Canwo
Fulton County
316 Mason Road West
Milan, Ohio 44846-9771

To the Management Council:

We have audited the financial statements of Canwo, Fulton County, Ohio, as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated August 8, 2013, wherein we noted Canwo followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted Canwo adopted Governmental Accounting Standards Board Statement No. 54 in 2011, and the Management Council terminated the agreement establishing Canwo in 2013. 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 Canwo's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of Canwo's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Canwo'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 Canwo's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether Canwo'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*.

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We intend this report solely for the information and use of management, the Management Council, and others within Canwo. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

August 8, 2013



Dave Yost • Auditor of State

CANWO

FULTON 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
AUGUST 27, 2013**