



Dave Yost • Auditor of State

**APOLLO CAREER CENTER
ALLEN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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 Apollo Career Center, Allen County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Career Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Career Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Career Center's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as 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 financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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

February 10, 2015

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**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The discussion and analysis of Apollo Career Center's (the Career Center) financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2014. 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 position 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 Bond Retirement debt service fund, the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds, and the Adult Education enterprise fund.

REPORTING THE CAREER CENTER AS A WHOLE

The statement of net position and the statement of activities reflect how the Career Center did financially during fiscal year 2014. 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 position and changes in net position. This change in net position 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 position 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, non-instructional 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
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Career Center's major funds. The Career Center's major funds are the General Fund, the Bond Retirement debt service fund, the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds, and the Adult Education 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
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

THE CAREER CENTER AS A WHOLE

Table 1 provides a summary of the Career Center's net position for fiscal year 2014 and fiscal year 2013:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activity		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and Other Assets	\$63,950,247	\$13,064,613	\$930,763	\$1,060,343	\$64,881,010	\$14,124,956
Capital Assets, Net	9,116,609	4,661,446	1,853,125	1,965,321	10,969,734	6,626,767
Total Assets	<u>73,066,856</u>	<u>17,726,059</u>	<u>2,783,888</u>	<u>3,025,664</u>	<u>75,850,744</u>	<u>20,751,723</u>
Liabilities:						
Current and Other Liabilities	1,750,447	1,180,269	170,948	146,290	1,921,395	1,326,559
Long-Term Liabilities	31,486,386	800,015	365,233	421,884	31,851,619	1,221,899
Total Liabilities	<u>33,236,833</u>	<u>1,980,284</u>	<u>536,181</u>	<u>568,174</u>	<u>33,773,014</u>	<u>2,548,458</u>
Deferred Inflows of Resources	<u>5,230,272</u>	<u>4,450,908</u>			<u>5,230,272</u>	<u>4,450,908</u>
Net Position:						
Net Investment in Capital Assets	4,603,026	4,421,447	1,611,611	1,643,303	6,214,637	6,064,750
Restricted	24,734,330	1,799,918			24,734,330	1,799,918
Unrestricted	5,262,395	5,073,502	636,096	814,187	5,898,491	5,887,689
Total Net Position	<u>\$34,599,751</u>	<u>\$11,294,867</u>	<u>\$2,247,707</u>	<u>\$2,457,490</u>	<u>\$36,847,458</u>	<u>\$13,752,357</u>

For governmental activities, the Career Center issued general obligation bonds, in the amount of \$30,000,000, and began construction and renovation of the instructional facilities. Current and other assets include the unspent bond proceeds, an intergovernmental receivable for the balance of the Ohio Vocational Facilities Assistance grant for the construction, and a full fiscal year's receivable in property taxes due to a one mill property tax levy passed in May 2013. The increase in net capital assets was primarily due to construction. Current and other liabilities increased due to contracts and retainage payables from the construction and renovation of the instructional facilities. Deferred inflows of resources increased from the additional receivable for property taxes. Restricted net position increased from the unspent proceeds as well as the balance due for the intergovernmental receivable for the construction project.

For the business-type activity, current and other assets decreased from costs associated with moving the adult education program to rented facilities. Current and other liabilities increased from the increase in salaries and matured compensated absences payable. Long-term liabilities decreased from the retirement of regularly scheduled debt principal. As a result, total net position reflects an overall decrease.

Table 2 reflects the changes in net position for fiscal year 2014 and fiscal year 2013.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activity		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$1,107,676	\$1,252,566	\$2,379,416	\$2,442,929	\$3,487,092	\$3,695,495
Operating Grants, Contributions, and Interest	2,656,918	2,687,560	360,632	376,569	3,017,550	3,064,129
Total Program Revenues	3,764,594	3,940,126	2,740,048	2,819,498	6,504,642	6,759,624
General Revenues:						
Property Taxes	5,494,275	3,730,004			5,494,275	3,730,004
Grants and Entitlements not Restricted to Specific Programs	26,759,316	4,151,021			26,759,316	4,151,021
Interest	153,107	59,684	4,406	6,480	157,513	66,164
Miscellaneous	126,370	106,421	64,782	61,559	191,152	167,980
Total General Revenues	32,533,068	8,047,130	69,188	68,039	32,602,256	8,115,169
Total Revenues	36,297,662	11,987,256	2,809,236	2,887,537	39,106,898	14,874,793
Program Expenses:						
Instruction:						
Regular	366,513	548,895			366,513	548,895
Special	250,572	225,791			250,572	225,791
Vocational	5,853,282	5,844,655			5,853,282	5,844,655
Adult/Continuing	160,532	50,627			160,532	50,627
Support Services:						
Pupils	574,207	444,483			574,207	444,483
Instructional Staff	714,783	667,286			714,783	667,286
Board of Education	60,644	56,853			60,644	56,853
Administration	860,801	764,573			860,801	764,573
Fiscal	503,295	475,439			503,295	475,439
Operation and Maintenance of Plant	1,156,726	1,167,044			1,156,726	1,167,044
Pupil Transportation	5,617	19,425			5,617	19,425
Central	588,805	599,308			588,805	599,308
Non-instructional Services	293,817	288,497			293,817	288,497
Extracurricular Activities	38,764	22,004			38,764	22,004
Interest and Fiscal Charges	1,564,420				1,564,420	
Adult Education			3,019,019	2,847,372	3,019,019	2,847,372
Total Expenses	12,992,778	11,174,880	3,019,019	2,847,372	16,011,797	14,022,252
Change in Net Position	23,304,884	812,376	(209,783)	40,165	23,095,101	852,541
Net Position at Beginning of Year	11,294,867	10,482,491	2,457,490	2,417,325	13,752,357	12,899,816
Net Position at End of year	\$34,599,751	\$11,294,867	\$2,247,707	\$2,457,490	\$36,847,458	\$13,752,357

For governmental activities, program revenues represented 10 percent of total revenues for fiscal year 2014 and are primarily represented by tuition, sales of goods or services developed by the various career training classes, charges for providing lunches to students, and grants for specified purposes. Charges for services decreased due to two student-constructed homes that were sold in the prior fiscal year.

General revenues increased significantly. Property tax revenues increased a half year collection of a 1 mill property tax levy passed in May 2013. Unrestricted grants and entitlements increased from the Ohio Vocational Facilities Assistance grant to be used for the construction and renovation of instructional buildings. Interest revenues increased from the available cash balances due to the issuance of general obligation bonds that have been invested.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

Overall, there was an increase in expenses for governmental activities from the payment of interest and issuance costs on general obligation bonds issued during the fiscal year. The major program expenses are for instruction, which account for 51 percent of all governmental expenses. Regular instruction costs decreased from the purchase of computer equipment in the prior fiscal year. Costs associated with special instruction increased from salary and fringe benefit costs. Adult and continuing education costs increased significantly from additional instructors to provide instruction to adults.

Other significant changes in expenses occurred in pupils, instructional staff, administration, fiscal, and extracurricular activities programs. Pupils costs increased from providing additional support staff. Instructional staff expenses increased from costs associated with summer school stipends, tuition reimbursements, and professional development courses. Administration costs increased from the retirement of personnel and additional legal costs. Fiscal costs increased from a change in health care coverage for an employee. Travel relating to national contests increased expenses in the extracurricular activities program.

For the business-type activity, there was a slight decrease in program revenues. Operating expenses increased 6 percent from providing instructors for expanded classes, the retirement of an employee, the purchase of additional supplies for classes in the medical field, and the costs associated with moving the adult education classes to rented facilities in Lima.

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

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction:				
Regular	\$366,513	\$548,895	\$366,513	\$548,895
Special	250,572	225,791	(416,747)	(166,793)
Vocational	5,853,282	5,844,655	3,287,905	2,660,451
Adult/Continuing	160,532	50,627	(91,040)	(38,759)
Support Services:				
Pupils	574,207	444,483	574,207	444,483
Instructional Staff	714,783	667,286	714,783	667,286
Board of Education	60,644	56,853	60,644	56,853
Administration	860,801	764,573	860,801	764,573
Fiscal	503,295	475,439	503,295	475,439
Operation and Maintenance of Plant	1,156,726	1,167,044	1,156,726	1,167,044
Pupil Transportation	5,617	19,425	5,617	19,425
Central	588,805	599,308	588,805	599,308
Non-instructional Services	293,817	288,497	13,491	14,545
Extracurricular Activities	38,764	22,004	38,764	22,004
Interest and Fiscal Charges	1,564,420		1,564,420	
Total Expenses	\$12,992,778	\$11,174,880	\$9,228,184	\$7,234,754

Cost of services for governmental activities were financed through user charges and grants awarded for specific programs, in the amount of \$3,764,594, or 29 percent, for fiscal year 2014.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

The most significant program revenues from restricted grants are associated with the special, vocational, and the adult/continuing instruction programs, along with non-instructional services. Program revenues for special, vocational, and adult/continuing instruction programs are principally received from tuition received through open enrollment and operating grants, contributions, and interest to support operations. The non-instructional 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, the Bond Retirement debt service fund, and the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds. The excess of revenues over expenditures led to a 10 percent increase in fund balance in the General Fund. Both revenues and expenses increased approximately 2 percent. During fiscal year 2014, the Career Center continued to maintain cost of operations within revenues received in the fiscal year.

The Bond Retirement debt service fund reflected an increase in fund balance from the revenues received from a portion of the one mill property tax levy that was passed by the voters in May 2013 and the premium received on the issuance of general obligation bonds that was in excess of the debt service requirements.

The Locally Funded Initiatives capital projects fund had an increase in fund balance from the issuance of general obligation bonds.

The Ohio Vocational Facilities Assistance capital projects fund had an increase in fund balance from the issuance of general obligation bonds for the construction and renovation of instructional facilities.

BUSINESS-TYPE ACTIVITY FINANCIAL ANALYSIS

The Career Center's enterprise fund is the Adult Education fund. There was a decrease in net position due to providing instructors for expanded classes, the retirement of an employee, the purchase of additional supplies for classes in the medical field, and the costs associated with moving the adult education classes to rented facilities in Lima.

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 2014, the Career Center amended its General Fund budget as needed. Changes from the original budget to the final budget and from the final budget to actual revenues were not significant. For expenditures, the change from the original budget to the final budget was almost 5 percent and pertained to the increase in appropriations for fringe benefits in the vocational instruction program. The change from the final budget to actual expenditures was not significant.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

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, 2014, was \$9,116,609 and \$1,853,125, respectively (net of accumulated depreciation). Capital assets for governmental activities increased significantly from construction in progress of new and renovated instructional buildings. For further information regarding the Career Center's capital assets, refer to Note 8 to the basic financial statements.

Debt

At June 30, 2014, the Career Center's overall long-term obligations consisted of general obligation bonds and long-term loans, in the amount of \$30,698,722 and \$401,513, respectively. Of this amount, \$241,514 will be repaid from the business-type activity. The Career Center's long-term obligations also include compensated absences. For further information regarding the Career Center's long-term obligations, refer to Note 15 to the basic financial statements.

CURRENT ISSUES

The Career Center passed a 1 mill levy in May 2013. The levy was split .31 mills for a bond issue for enlarging, improving, and rebuilding the Career Center in conjunction with the Ohio Vocational Facilities Commission, another .5 mills for enlarging, improving, and rebuilding the Career Center as a locally funded initiative, and .19 mills permanent improvement levy for ten years for the maintenance fund requirement for the OSFC project. The Career Center hired Garmann Miller as the architect for the project and Peck, Shaffer & Williams LLP as the construction counsel. The Career Center issued \$30 million in general obligation bonds in September 2013, which provided \$11,638,923 to pay the local share of school construction under the Ohio Vocational Facilities Assistance Program and an additional \$18,361,077 for additional improvements which are not part of the program. Shook Touchstone was hired as the general manager under the Construction Manager at Risk model and Quandel Construction Group, Inc. was hired as the owner's agent. Actual construction began in earnest in May 2014. There are six phases to the project. The project is due to be completed in August 2016. The total project cost is estimated at \$52,813,316. The construction includes the renovation of the existing structures for the high school and adult education, along with an additional 81,000 square feet of instructional space.

The Board of Education settled negotiations with the Apollo Education Association in June 2014 with a two year contract. The contract provides for a 1.5 percent increase the first year and a 1 percent increase the second year. The employees agreed to pay 13.5 percent of the cost of the health and dental premiums beginning January 1, 2015, and 15 percent of the premiums beginning January 1, 2016.

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.

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**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities	Business- Type Activity	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$41,693,012	\$813,639	\$42,506,651
Accounts Receivable	5,958	82,862	88,820
Accrued Interest Receivable	680		680
Intergovernmental Receivable	15,985,005	22,534	16,007,539
Prepaid Items	120,125	11,728	131,853
Property Taxes Receivable	6,145,467		6,145,467
Non-depreciable Capital Assets	4,673,878	20,914	4,694,792
Depreciable Capital Assets, Net	4,442,731	1,832,211	6,274,942
Total Assets	73,066,856	2,783,888	75,850,744
Liabilities:			
Accrued Wages and Benefits Payable	755,979	130,170	886,149
Accounts Payable	11,943	15,430	27,373
Contract Payable	671,713		671,713
Intergovernmental Payable	146,522	25,348	171,870
Retainage Payable	25,060		25,060
Matured Compensated Absences Payable	15,326		15,326
Accrued Interest Payable	123,904		123,904
Long-Term Liabilities:			
Due Within One Year	244,440	178,383	422,823
Due in More Than One Year	31,241,946	186,850	31,428,796
Total Liabilities	33,236,833	536,181	33,773,014
Deferred Inflows of Resources:			
Property Taxes	5,230,272		5,230,272
Net Position:			
Net Investment in Capital Assets	4,603,026	1,611,611	6,214,637
Restricted for:			
Capital Projects	24,250,607		24,250,607
Other Purposes	483,723		483,723
Unrestricted	5,262,395	636,096	5,898,491
Total Net Position	\$34,599,751	\$2,247,707	\$36,847,458

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$366,513			(\$366,513)		(\$366,513)
Special	250,572		\$667,319	416,747		416,747
Vocational	5,853,282	\$962,834	1,602,543	(3,287,905)		(3,287,905)
Adult/Continuing	160,532		251,572	91,040		91,040
Support Services:						
Pupils	574,207			(574,207)		(574,207)
Instructional Staff	714,783			(714,783)		(714,783)
Board of Education	60,644			(60,644)		(60,644)
Administration	860,801			(860,801)		(860,801)
Fiscal	503,295			(503,295)		(503,295)
Operation and Maintenance of Plant	1,156,726			(1,156,726)		(1,156,726)
Pupil Transportation	5,617			(5,617)		(5,617)
Central	588,805			(588,805)		(588,805)
Non-instructional Services	293,817	144,842	135,484	(13,491)		(13,491)
Extracurricular Activities	38,764			(38,764)		(38,764)
Interest and Fiscal Charges	1,564,420			(1,564,420)		(1,564,420)
Total Governmental Activities	12,992,778	1,107,676	2,656,918	(9,228,184)		(9,228,184)
Business-Type Activity:						
Adult Education	3,019,019	2,379,416	360,632		(\$278,971)	(278,971)
Total	\$16,011,797	\$3,487,092	\$3,017,550	(9,228,184)	(278,971)	(9,507,155)
General Revenues:						
Property Taxes Levied for:						
General Purposes				3,174,158		3,174,158
School Facility Maintenance				248,298		248,298
Debt Service				1,373,320		1,373,320
Permanent Improvement				698,499		698,499
Grants and Entitlements not Restricted to Specific Programs				26,759,316		26,759,316
Interest				153,107	4,406	157,513
Miscellaneous				126,370	64,782	191,152
Total General Revenues				32,533,068	69,188	32,602,256
Change in Net Position				23,304,884	(209,783)	23,095,101
Net Position at Beginning of Year				11,294,867	2,457,490	13,752,357
Net Position at End of Year				\$34,599,751	\$2,247,707	\$36,847,458

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	General	Bond Retirement	Locally Funded Initiatives	Ohio Vocational Facilities Assistance	Other Governmental	Total
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$6,461,137	\$452,575	\$17,627,343	\$15,106,677	\$2,045,280	\$41,693,012
Accounts Receivable	5,933				25	5,958
Accrued Interest Receivable	680					680
Interfund Receivable	169,000					169,000
Intergovernmental Receivable				15,971,726	13,279	15,985,005
Prepaid Items	57,385		21,996		40,744	120,125
Property Taxes Receivable	3,200,191	1,973,328			971,948	6,145,467
Total Assets	9,894,326	2,425,903	17,649,339	31,078,403	3,071,276	64,119,247
Liabilities:						
Accrued Wages and Benefits Payable	740,246				15,733	755,979
Accounts Payable	11,499		157	287		11,943
Contracts Payable			237,719	433,994		671,713
Interfund Payable					169,000	169,000
Intergovernmental Payable	138,404				8,118	146,522
Retainage Payable			8,868	16,192		25,060
Matured Compensated Absences Payable	15,326					15,326
Total Liabilities	905,475		246,744	450,473	192,851	1,795,543
Deferred Inflows of Resources:						
Property Taxes	2,725,749	1,685,026			819,497	5,230,272
Unavailable Revenues	104,808	59,864		15,971,726	34,561	16,170,959
Total Deferred Inflows of Resources	2,830,557	1,744,890		15,971,726	854,058	21,401,231
Fund Balances:						
Non-spendable	226,385		21,996		40,744	289,125
Restricted		681,013	17,380,599	14,656,204	1,666,569	34,384,385
Assigned	6,379,236				487,220	6,866,456
Unassigned (Deficit)	(447,327)				(170,166)	(617,493)
Total Fund Balances	6,158,294	681,013	17,402,595	14,656,204	2,024,367	40,922,473
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$9,894,326	\$2,425,903	\$17,649,339	\$31,078,403	\$3,071,276	\$64,119,247

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014**

Total Governmental Fund Balances		\$40,922,473
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		9,116,609
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	\$5,958	
Accrued Interest Receivable	680	
Intergovernmental Receivable	15,971,726	
Delinquent Property Taxes Receivable	<u>192,595</u>	
		16,170,959
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued Interest Payable	(123,904)	
General Obligation Bonds Payable	(30,698,722)	
Loans Payable	(159,999)	
Compensated Absences Payable	<u>(627,665)</u>	
		<u>(31,610,290)</u>
Net Position of Governmental Activities		<u><u>\$34,599,751</u></u>

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General	Bond Retirement	Locally Funded Initiatives	Ohio Vocational Facilities Assistance	Other Governmental	Total
Revenues:						
Property Taxes	\$3,182,303	\$1,313,456			\$937,612	\$5,433,371
Intergovernmental	6,122,347	130,512		\$6,284,856	905,968	13,443,683
Interest	47,642	1,258	\$63,867	41,664	180	154,611
Tuition and Fees	860,635					860,635
Charges for Services	101,392				144,817	246,209
Miscellaneous	99,512				25,147	124,659
Total Revenues	<u>10,413,831</u>	<u>1,445,226</u>	<u>63,867</u>	<u>6,326,520</u>	<u>2,013,724</u>	<u>20,263,168</u>
Expenditures						
Current:						
Instruction:						
Regular	350,498					350,498
Special	146,226				100,055	246,281
Vocational Adult/Continuing	5,175,391				285,520	5,460,911
					145,863	145,863
Support Services:						
Pupils	559,796					559,796
Instructional Staff	530,946				169,519	700,465
Board of Education	60,236					60,236
Administration	829,882				19,247	849,129
Fiscal	470,314	22,419			18,952	511,685
Operation and Maintenance of Plant	1,140,223				24,553	1,164,776
Pupil Transportation	4,367					4,367
Central	526,176					526,176
Non-instructional Services	260				269,608	269,868
Extracurricular Activities	38,764					38,764
Capital Outlay	2,673		1,519,429	2,812,159	592,796	4,927,057
Debt Service:						
Principal Retirement					80,000	80,000
Interest and Fiscal Chares		1,451,099				1,451,099
Total Expenditures	<u>9,835,752</u>	<u>1,473,518</u>	<u>1,519,429</u>	<u>2,812,159</u>	<u>1,706,113</u>	<u>17,346,971</u>
Excess of Revenues Over(Under) Expenditures	<u>578,079</u>	<u>(28,292)</u>	<u>(1,455,562)</u>	<u>3,514,361</u>	<u>307,611</u>	<u>2,916,197</u>
Other Financing Sources:						
General Obligation Bonds Issued			18,858,157	11,141,843		30,000,000
Premium on General Obliation Bonds Issued		709,305				709,305
Total Other Financing Sources		<u>709,305</u>	<u>18,858,157</u>	<u>11,141,843</u>		<u>30,709,305</u>
Changes in Fund Balances	578,079	681,013	17,402,595	14,656,204	307,611	33,625,502
Fund Balances at Beginning of Year -	<u>5,580,215</u>				<u>1,716,756</u>	<u>7,296,971</u>
Fund Balances at End of Year	<u>\$6,158,294</u>	<u>\$681,013</u>	<u>\$17,402,595</u>	<u>\$14,656,204</u>	<u>\$2,024,367</u>	<u>\$40,922,473</u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Changes in Fund Balances - Total Governmental Funds \$33,625,502

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 - Nondepreciable Assets	\$4,353,584	
Capital Outlay - Depreciable Assets	449,008	
Depreciation	(347,429)	
		4,455,163

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

Delinquent Property Taxes	60,904	
Intergovernmental	15,971,726	
Interest	(679)	
Tuition and Fees	807	
Charges for Services	25	
Miscellaneous	1,711	
		16,034,494

Bond proceeds are other financing sources in the governmental funds but the issuance increase long-term liabilities on the statement of net position. (30,000,000)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position. 80,000

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Accrued Interest Payable	(123,904)	
Annual Accretion	(9,625)	
Premium on Gneral Obligation Refunding Bonds Issued	(709,305)	
Amortization of General Obligation Bond Premium	20,208	
		(822,626)

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. (67,649)

Change in Net Position of Governmental Activities \$23,304,884

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$3,052,000	\$3,052,000	\$3,069,924	\$17,924
Intergovernmental	5,904,320	5,904,320	6,122,347	218,027
Interest	64,000	64,000	44,351	(19,649)
Tuition and Fees	861,437	865,237	861,235	(4,002)
Charges for Services	107,600	87,600	102,246	14,646
Miscellaneous	82,000	82,000	121,830	39,830
Total Revenues	<u>10,071,357</u>	<u>10,055,157</u>	<u>10,321,933</u>	<u>266,776</u>
Expenditures:				
Current:				
Instruction:				
Regular	373,916	373,916	352,232	21,684
Special	150,700	150,700	155,569	(4,869)
Vocational	5,237,410	5,722,411	5,499,148	223,263
Support Services:				
Pupils	515,860	515,860	554,945	(39,085)
Instructional Staff	629,430	629,430	579,913	49,517
Board of Education	87,908	87,908	52,257	35,651
Administration	814,356	814,356	902,055	(87,699)
Fiscal	495,230	495,230	503,055	(7,825)
Operation and Maintenance of Plant	1,234,066	1,234,066	1,137,591	96,475
Pupil Transportation	13,000	13,000	6,612	6,388
Central	562,593	562,593	524,772	37,821
Extracurricular Activities	32,996	32,996	39,049	(6,053)
Health Trust:				
Non-instructional Activities	1,000	1,000	260	740
Total Expenditures	<u>10,148,465</u>	<u>10,633,466</u>	<u>10,307,458</u>	<u>326,008</u>
Excess of Revenues Over Expenditures	<u>(77,108)</u>	<u>(578,309)</u>	<u>14,475</u>	<u>592,784</u>
Other Financing Sources (Uses):				
Other Financing Uses		(5,525,470)		5,525,470
Advances Out			(107,000)	(107,000)
Total Other Financing Sources (Uses)		<u>(5,525,470)</u>	<u>(107,000)</u>	<u>5,418,470</u>
Changes in Fund Balance	(77,108)	(6,103,779)	(92,525)	6,011,254
Fund Balance at Beginning of Year	5,967,078	5,967,078	5,967,078	
Prior Year Encumbrances Appropriated	176,465	176,465	176,465	
Fund Balance at End of Year	<u>\$6,066,435</u>	<u>\$39,764</u>	<u>\$6,051,018</u>	<u>\$6,011,254</u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF FUND NET POSITION
ENTERPRISE FUND
JUNE 30, 2014**

	<u>Adult Education</u>
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$813,639
Accounts Receivable	82,862
Intergovernmental Receivable	22,534
Prepaid Items	11,728
Total Current Assets	<u>930,763</u>
Non-current Assets:	
Non-depreciable Capital Assets	20,914
Depreciable Capital Assets, Net	1,832,211
Total Non-current Assets	<u>1,853,125</u>
Total Assets	<u>2,783,888</u>
Liabilities:	
Current Liabilities:	
Accrued Wages and Benefits Payable	130,170
Accounts Payable	15,430
Intergovernmental Payable	25,348
Loans Payable	120,756
Compensated Absences Payable	57,627
Total Current Liabilities	<u>349,331</u>
Non-current Liabilities:	
Loans Payable	120,758
Compensated Absences Payable	66,092
Total Long-Term Liabilities	<u>186,850</u>
Total Liabilities	<u>536,181</u>
Net Position:	
Net Investment in Capital Assets	1,611,611
Unrestricted	636,096
Total Net Position	<u><u>\$2,247,707</u></u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND
NET POSITION - ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Adult Education
Operating Revenues:	
Charges for Services	\$2,379,416
Miscellaneous	64,782
Total Operating Revenues	2,444,198
Operating Expenses:	
Personal Services	1,599,647
Fringe Benefits	350,434
Materials and Supplies	464,363
Contractual Services	492,379
Depreciation	106,571
Total Operating Expenses	3,013,394
Operating Loss	(569,196)
Non-Operating Revenues:	
Interest Revenue	4,406
Grants	359,966
Contributions and Donations	666
Loss on Disposal of Capital Assets	(5,625)
Total Non-Operating Revenues	359,413
Change in Net Position	(209,783)
Net Position at Beginning of Year	2,457,490
Net Position at End of Year	\$2,247,707

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Adult Education
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$2,371,165
Cash Received from Miscellaneous Revenues	62,220
Cash Payments for Personal Services	(1,551,395)
Cash Payments for Fringe Benefits	(350,783)
Cash Payments for Materials and Supplies	(463,696)
Cash Payments for Contractual Services	(467,580)
Net Cash Used for Operating Activities	(400,069)
Cash Flows from Non-capital Financing Activities:	
Cash Received from Grants	394,915
Cash Received from Contributions and Donations	666
Net Cash Provided by Non-capital Financing Activities	395,581
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Loan Principal	(80,504)
Cash Flows from Investing Activities:	
Interest Revenue	4,406
Net Decrease in Cash and Cash Equivalents	(80,586)
Cash and Cash Equivalents at Beginning of Year	894,225
Cash and Cash Equivalents at End of Year	\$813,639
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$569,196)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	106,571
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(56,844)
Decrease in Intergovernmental Receivable	46,031
Decrease in Prepaid Items	24,858
Increase in Accrued Wages and Benefits Payable	24,399
Increase in Accounts Payable	750
Decrease in Intergovernmental Payable	(491)
Increase in Compensated Absences Payable	23,853
Net Cash Used for Operating Activities	(\$400,069)

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014**

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$321,171	\$33,938
	<u> </u>	<u> </u>
Liabilities:		
Due to Students		\$33,296
Undistributed Assets		642
Total Liabilities		\$33,938
	<u> </u>	<u> </u>
Net Position:		
Held in Trust for Scholarships	\$321,171	
	<u> </u>	

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Additions:	
Interest	\$10,623
Gifts and Contributions	23,358
Miscellaneous	<u>79,163</u>
Total Additions	<u>113,144</u>
Deductions:	
Non-instructional Services	<u>34,200</u>
Change in Net Position	78,944
Net Position at Beginning of Year	<u>242,227</u>
Net Position at End of Year	<u><u>\$321,171</u></u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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-six classified employees, seventy-two certified teaching personnel, and twelve administrators who provide services to one thousand six hundred nine students and other community members. The Career Center currently operates seven instructional buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure 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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Career Center. 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.

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. Following are the more significant of the Career Center's accounting policies.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net position 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 position 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.

2. 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. Non-major 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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 and deferred inflows of resources is reported as fund balance. The Career Center's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds.

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation debt.

Locally Funded Initiatives Fund - The Locally Funded Initiatives Fund is used to account for the proceeds of general obligation bonds restricted for the construction and renovation of instructional buildings.

Ohio Vocational Facilities Assistance Fund - The Ohio Vocational Facilities Assistance Fund is used to account for grants received from the Ohio School Facilities Commission and the proceeds of general obligation bonds restricted for the construction and renovation of instructional buildings.

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.

2. Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, change in net position, 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and change in net position. 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

1. 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 position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

2. 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 position. The statement of revenues, expenses, and change in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 inflows of resources, and in the presentation of expenses versus expenditures.

1. 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.

Non-exchange 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 non-exchange transactions must also be available before it can be recognized.

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

2. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Career Center did not report any deferred outflows of resources for fiscal year 2014.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources consists of property taxes and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes accrued interest, intergovernmental receivables including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

3. 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 School District 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2014, the Career Center's investments included nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, U.S. Treasury securities, commercial paper, 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 net asset value per share, which is the price the investment could be sold for on June 30, 2014.

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 2014 was \$47,642, which included \$10,687 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, 2014, 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 enterprise fund. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position 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 position 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.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description	Governmental Activities Estimated Lives	Business-Type Activity 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, receivables and payables resulting from interfund loans are classified as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position, 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. General obligation bonds and long-term loans are recognized as liabilities on the fund financial statements when due.

L. Unamortized Premiums

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

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

M. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes 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 position is available.

N. 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:

Non-spendable - The non-spendable 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 are 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

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. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

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.

O. 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.

P. 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 within 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 enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. 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.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

3. ACCOUNTABILITY

At June 30, 2014, the House Project, Vocational, Miscellaneous State, and Vocational Education special revenue funds had deficit fund balances of \$128,155, \$32, \$566, and \$1,255, 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.

4. 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:

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	\$578,079
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2013, Received in Cash FY 2014	287,897
Accrued FY 2014, Not Yet Received in Cash	(376,247)
Expenditure Accruals:	
Accrued FY 2013, Paid in Cash FY 2014	(946,002)
Accrued FY 2014, Not Yet Paid in Cash	905,475
Change in Fair Value	(3,548)
Prepaid Items	(20,876)
Advances Out	(107,000)
Encumbrances Outstanding at Year End (Budget Basis)	(410,303)
Budget Basis	(\$92,525)

5. 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.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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.

Investments

As of June 30, 2014, the Career Center had the following investments.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

	<u>Total</u>	<u>Less Than Six Months</u>	<u>More Than One Year</u>
Repurchase Agreement	\$2,225,949	\$2,225,949	
Federal National Mortgage Assoc. Notes	419,206		\$419,206
Federal Home Loan Bank Notes	189,772		189,772
Federal Home Loan Mortgage Corp. Notes	185,253		185,253
U.S. Treasury Notes	100,086		100,086
Commercial Paper	109,905	109,905	
Mutual Funds	85,454	33,348	52,106
STAR Ohio	12	12	
Total	<u>\$3,315,637</u>	<u>\$2,369,214</u>	<u>\$946,423</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 National Mortgage Association Notes), Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, the Federal Home Loan Mortgage Corporation Notes, and mutual funds carry a rating of Aaa by Moodys. The commercial paper carries a rating of P1 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 commercial paper be rated in the highest classification by two nationally recognized standard rating services. 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 but not in the Career Center's name. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of State statute.

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Repurchase Agreements	\$2,225,949	67.13%
Federal National Mortgage Association	419,206	12.64%
Federal Home Loan Bank	189,772	5.72%
Federal Home Loan Mortgage Corporation	185,253	5.59%
U.S. Treasury	100,086	3.02%
Commercial Paper	109,905	3.31%

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

6. RECEIVABLES

Receivables at June 30, 2014, 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:	
Special Revenue Fund:	
Adult Basic Literacy Education Grant	\$13,279
Capital Projects Fund:	
Ohio Vocational Financial Assistance Grant	15,971,726
Total Governmental Activities	\$15,985,005
Business-Type Activity:	
Adult Education Tuition	\$22,534

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located within the area served by the Career Center. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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.

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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

7. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2014, 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 inflows of resources - property taxes.

The amount available as an advance at June 30, 2014, was \$376,247 in the General Fund, \$41,299 in the OSFC Maintenance special revenue fund, \$228,438 in the Bond Retirement debt service fund, and \$76,616 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2013, was \$263,868 in the General Fund and \$23,869 in the Permanent Improvement capital projects fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The assessed values upon which fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$1,555,443,770	76.01%	\$1,563,702,490	75.38%
Commercial/Industrial	394,040,900	19.26	397,334,700	19.15
Public Utility	96,896,180	4.73	113,337,050	5.47
Total Assessed Value	<u>\$2,046,380,850</u>	<u>100.00%</u>	<u>\$2,074,374,240</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$3.44	

In May 2013, the voters passed a 1 mill property tax levy for the renovation and construction of instructional buildings.

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14
Governmental Activities:				
Non depreciable Capital Assets:				
Land	\$320,294			\$320,294
Construction in Progress		\$4,353,584		4,353,584
Total Non-depreciable Capital Assets	<u>320,294</u>	<u>4,353,584</u>		<u>4,673,878</u>
Depreciable Capital Assets:				
Land Improvements	279,207			279,207
Buildings and Building Improvements	8,099,138	295,752		8,394,890
Furniture, Fixtures, and Equipment	2,399,826	143,256		2,543,082
Vehicles	461,783	10,000	(\$4,000)	467,783
Total Depreciable Capital Assets	<u>11,239,954</u>	<u>449,008</u>	<u>(4,000)</u>	<u>11,684,962</u>

(Continued)

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. CAPITAL ASSETS (Continued)

	<u>Balance at 6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/14</u>
Governmental Activities:				
Less Accumulated Depreciation:				
Land Improvements	(210,074)	(5,373)		(215,447)
Buildings and Building Improvements	(4,858,150)	(178,351)		(5,036,501)
Furniture, Fixtures, and Equipment	(1,521,616)	(143,597)		(1,665,213)
Vehicles	(308,962)	(20,108)	4,000	(325,070)
Total Accumulated Depreciation	<u>(6,898,802)</u>	<u>(347,429)</u>	<u>4,000</u>	<u>(7,242,231)</u>
Governmental Activities (continued)				
Depreciable Capital Assets, Net	4,341,152	101,579		4,442,731
Governmental Activities Capital Assets, Net	<u>4,661,446</u>	<u>4,455,163</u>		<u>9,116,609</u>
Business-Type Activity:				
Non-depreciable Capital Assets:				
Land	20,914			20,914
Depreciable Capital Assets:				
Land Improvements	416,808			416,808
Buildings and Building Improvements	2,361,448			2,361,448
Furniture, Fixtures, and Equipment	169,117			169,117
Vehicles	291,813		(45,000)	246,813
Total Depreciable Capital Assets	<u>3,239,186</u>		<u>(45,000)</u>	<u>3,194,186</u>
Less Accumulated Depreciation:				
Land Improvements	(143,565)	(20,840)		(164,405)
Buildings and Building Improvements	(861,834)	(51,353)		(913,187)
Furniture, Fixtures, and Equipment	(74,053)	(10,823)		(84,876)
Vehicles	(215,327)	(23,555)	39,375	(199,507)
Total Accumulated Depreciation	<u>(1,294,779)</u>	<u>(106,571)</u>	<u>39,375</u>	<u>(1,361,975)</u>
Depreciable Capital Assets, Net	1,944,407	(106,571)	(5,625)	1,832,211
Business-Type Activity Capital Assets, Net	<u>\$1,965,321</u>	<u>(\$106,571)</u>	<u>(\$5,625)</u>	<u>\$1,853,125</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$9,056
Vocational	237,161
Adult/Continuing	14,669
Support Services:	
Pupils	253
Instructional Staff	2,483
Board of Education	408
Administration	4,612
Fiscal	1,192
Operation and Maintenance of Plant	26,016
Pupil Transportation	1,250
Central	28,434
Noninstructional Services	21,895
Total Depreciation Expense	<u>\$347,429</u>

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2014, the General Fund had an interfund receivable, in the amount of \$169,000, from providing cash flow resources to other governmental funds. This amount is expected to be repaid in one year.

10. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Career Center has outstanding contracts for professional services and construction. The following amounts remain on these contracts as of June 30, 2014:

	Outstanding Balance
Brewer-Garrett Co.	\$144,847
Garmann/Miller & Associates	1,151,060
Shook Touchstone VII LLC	46,021,366
Quandell Construction Group	315,049

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in 2014 are as follows:

General Fund	\$410,303
Building Fund	16,864,736
Ohio Vocational Facilities Assistance Fund	30,768,271
Adult Education Fund	279,710
Total	\$48,323,020

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 2014, the Career Center contracted for the following insurance coverage.

SORSA	
Building and Contents - Replacement Cost	\$35,039,717
Automobile Liability	15,000,000
Excess Liability	10,000,000
General Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000

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 2014, 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.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. RISK MANAGEMENT (Continued)

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the 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, CompManagement, 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. CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

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.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 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 \$741,548 and \$13,355 for the fiscal year ended June 30, 2014, \$744,967 and \$11,585 for the fiscal year ended June 30, 2013, and \$717,159 and \$22,989 for the fiscal year ended June 30, 2012. For fiscal year 2014, 88 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 2013 and 2012.

The contribution to STRS Ohio for the DCP for fiscal year 2014 was \$23,507 made by the Career Center and \$18,470 made by the plan members. In addition, member contributions of \$10,493 were made for fiscal year 2014 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 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, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining .9 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, 2014, 2013, and 2012 was \$243,729, \$237,223, and \$223,979, respectively. For fiscal year 2014, 92 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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, 2014, six of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. POST-EMPLOYMENT 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.

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 2014, 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, 2014, 2013, and 2012 was \$59,878, \$59,410, and \$58,135, respectively. For fiscal year 2014, 88 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current 1 percent allocation to the Health Care Plan effective July 1, 2014.

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, Medicare Advantage, 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 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 2014, .14 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 2014, this amount was \$20,250. For fiscal year 2014, the Career Center paid \$15,749 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

13. POST-EMPLOYMENT BENEFITS (Continued)

The Career Center's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$2,605, \$2,897, and \$9,700, respectively. For fiscal year 2014, 92 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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 2014, 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, 2014, 2013, and 2012 was \$14,140, \$13,400, and \$13,227, respectively. For fiscal year 2014, 92 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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 days of vacation per year, depending upon length of service. The Superintendent and Treasurer are entitled to thirty 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 may accumulate sick leave up to a maximum of two hundred forty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days. Administrators and 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 12 percent of the cost of the monthly premium. 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 Dearborn National Life Insurance Company.

15. LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during fiscal year 2014 were as follows:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

	<u>Balance at 6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/14</u>	<u>Within One Year</u>
Governmental Activities:					
General Obligation Bonds					
FY 2014 Ohio School					
Facilities Commission Bonds					
Serial Bonds 2 - 5.25%		\$10,380,000		\$10,380,000	\$45,000
Term Bonds 5 - 5.125%		19,435,000		19,435,000	
Capital Appreciation Bonds					
34.45 - 37.74%		185,000		185,000	
Capital Appreciation Bonds Accretion					
Premium		9,625		9,625	
		709,305	\$20,208	689,097	
Total General Obligation Bonds		30,718,930	20,208	30,698,722	45,000
Building Assistance Loans 0%	\$239,999		80,000	159,999	53,333
Compensated Absences Payable	560,016	317,846	250,197	627,665	146,107
Total Long-Term Obligations	<u>800,015</u>	<u>31,036,776</u>	<u>350,405</u>	<u>31,486,386</u>	<u>244,440</u>
Business-Type Activity:					
Building Assistance Loans 0%	322,018		80,504	241,514	120,756
Compensated Absences Payable	99,866	66,989	43,136	123,719	57,627
Total Long-Term Obligations	<u>\$421,884</u>	<u>\$66,989</u>	<u>\$123,640</u>	<u>\$365,233</u>	<u>\$178,383</u>

FY 2014 Ohio Schools Facilities Commission General Obligation Bonds

In fiscal year 2014, the Career Center issued general obligation bonds, in the amount of \$30,000,000, for constructing and improving new facilities. The bond issue consists of serial, term, and capital appreciation bonds, in the amount of \$10,380,000, \$19,435,000, and \$185,000, respectively. The bonds were issued for a thirty-one year period, with final maturity in fiscal year 2044. The bonds are being retired from the Bond Retirement debt service fund with property tax revenues.

The bonds maturing on December 1, 2038, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the fiscal years 2035 through 2039, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

<u>Fiscal Year</u>	<u>Amount</u>
2035	\$1,370,000
2036	1,475,000
2037	1,590,000
2038	1,710,000

Unless otherwise called for redemption, the remaining \$1,835,000 principal amount of the bonds due December 1, 2038, is to be paid at stated maturity.

The bonds maturing on December 1, 2043, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the fiscal years 2040 through 2044, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

<u>Fiscal Year</u>	<u>Amount</u>
2040	\$1,965,000
2041	2,135,000
2042	2,285,000
2043	2,450,000

Unless otherwise called for redemption, the remaining \$2,620,000 principal amount of the bonds due December 1, 2043, is to be paid at stated maturity.

The term bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the County. The mandatory redemption is to occur on December 1, 2021, at par plus accrued interest.

The capital appreciation bonds are not subject to early redemption. The capital appreciation bonds will mature in fiscal years 2018 through 2021. The maturity amount for the bonds is \$1,200,000. For fiscal year 2014, \$9,625 was accreted on the capital appreciation bonds for a total value of \$194,625 at June 30, 2014.

As of June 30, 2014, \$25,646,416 of the proceeds had not been spent.

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 fiscal year 2017. 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 fiscal year 2017. The loan is being retired from the Adult Education enterprise fund.

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

The Career Center's overall debt margin was \$146,872,638 with an unvoted debt margin of \$1,962,146 at June 30, 2014.

The following is a summary of the Career Center's future annual debt service requirements for governmental long-term obligations:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>			
	<u>Serial</u>		<u>Term</u>	
2015	\$45,000	\$500,325		\$986,069
2016	100,000	498,375		986,069
2017	180,000	494,175		986,069
2018		491,475		986,069
2019		491,475		986,069
2020-2024	1,335,000	2,363,000		4,930,344
2025-2029	3,410,000	1,771,088		4,930,344
2030-2034	5,310,000	741,437		4,930,344
2035-2039			\$7,980,000	3,991,094
2040-2044			11,455,000	1,550,951
Totals	<u>\$10,380,000</u>	<u>\$7,351,350</u>	<u>\$19,435,000</u>	<u>\$25,263,422</u>

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending	General Obligation Bonds		Loans Payable
	Capital Appreciation		Principal
	Principal	Interest	Principal
2015			\$53,333
2016			53,333
2017			53,333
2018	\$50,000	\$165,000	
2019	55,000	245,000	
2020	45,000	280,000	
2021	35,000	325,000	
Totals	\$185,000	\$1,015,000	\$159,999

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

The Career Center's future annual debt service requirements, including mandatory sinking fund requirements, payable from the enterprise fund are as follows:

Fiscal year Ending June 30,	Business-Type Activity Principal
2015	\$120,756
2016	80,505
2017	40,253
Total	\$241,514

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 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. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2014.

	Capital Improvements
Balance June 30, 2013	
Current Year Set Aside Requirement	\$128,956
Current Year Offsets	(128,956)
Balance June 30, 2014	\$0

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

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:

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Locally Funded Initiatives</u>
Non-spendable for:			
Interfund Loans	\$169,000		
Prepays	57,385		\$21,996
Total Non-spendable	226,385		21,996
Restricted for:			
Capital Improvements			17,380,599
Debt Service		\$681,013	
Total Restricted		681,013	17,380,599
Assigned for:			
Budget Shortage	5,978,278		
Educational Activities	2,119		
Unpaid Obligations	398,839		
Total Assigned	6,379,236		
Unassigned (Deficit)	(447,327)		
Total Fund Balance	\$6,158,294	\$681,013	\$17,402,595

<u>Fund Balance</u>	<u>Ohio Vocational Facilities Assistance</u>	<u>Other Governmental</u>	<u>Total</u>
Non-spendable for:			
Interfund Loans			\$169,000
Prepays		\$40,744	120,125
Total Non-spendable		40,744	289,125
Restricted for:			
Capital Improvements	\$14,656,204	1,612,576	33,649,379
Debt Service			681,013
Food Service Operations		28,654	28,654
Scholarships		5,200	5,200
Vocational Instruction		20,139	20,139
Total Restricted	14,656,204	1,666,569	34,384,385
Assigned for:			
Budget Shortage			5,978,278
Educational Activities			2,119
Capital Improvements		487,220	487,220
Unpaid Obligations			398,839
Total Assigned		487,220	6,866,456
Unassigned (Deficit)		(170,166)	(617,493)
Total Fund Balance	\$14,656,204	\$2,024,367	\$40,922,473

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

18. JOINTLY GOVERNED ORGANIZATION

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 2014, the Career Center paid \$47,686 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.

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
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

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, 2014.

B. Litigation

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

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**APOLLO CAREER CENTER
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>(Passed through Ohio Department of Education)</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$14,787		\$14,787
Cash Assistance:					
School Breakfast Program	10.553	\$15,533		\$15,533	
National School Lunch Program	10.555	111,855		111,855	
Total Child Nutrition Cluster		<u>127,388</u>	<u>14,787</u>	<u>127,388</u>	<u>14,787</u>
Total U.S. Department of Agriculture		<u>127,388</u>	<u>14,787</u>	<u>127,388</u>	<u>14,787</u>
U.S. DEPARTMENT OF EDUCATION					
<i>(Direct Programs)</i>					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063	678,335		678,335	
Federal Direct Student Loans	84.268	1,074,269		1,074,269	
Total Student Financial Assistance Cluster		<u>1,752,604</u>		<u>1,752,604</u>	
<i>(Passed through Ohio Board of Regents)</i>					
Adult Education State Grant Program	84.002	147,974		147,974	
<i>(Passed through Ohio Department of Education)</i>					
Career and Technical Education Basic Grants to States	84.048	100,372		100,372	
Career and Technical Education Basic Grants to States - Adult		215,824		215,824	
Total Career and Technical Education Basic Grants to States		<u>316,196</u>		<u>316,196</u>	
Improving Teacher Quality State Grants	84.367	3,093		3,093	
Total U.S. Department of Education		<u>319,289</u>		<u>319,289</u>	
Total Federal Assistance		<u>\$2,347,255</u>	<u>\$14,787</u>	<u>\$2,347,255</u>	<u>\$14,787</u>

The accompanying notes to this schedule are an integral part of this schedule.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Apollo Career Center's (the Career Center) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting. Receipts are recognized when received rather than when earned, and expenditures are recorded when paid rather than when the obligation is incurred.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

Program regulations do not require the Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance is reported in the Schedule at the entitlement value of the commodities received and consumed. The entitlement value reported in the Schedule is determined using the Commodity Allocation Tracking System (CATS). At June 30, 2014, the Center had no significant food commodities inventory.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the Center contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Apollo Career Center, Allen County, (the Career Center) as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated February 10, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Career Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career Center's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Career Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Career Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

February 10, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Apollo Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Apollo Career Center's major federal programs for the fiscal year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Career Center's major federal programs.

Management's Responsibility

The Career Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Career Center's compliance for each of the Career Center's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Career Center's major programs. However, our audit does not provide a legal determination of the Career Center's compliance.

Opinion on the Major Federal Program

In our opinion, the Apollo Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Career Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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.

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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 10, 2015

**APOLLO CAREER CENTER
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Assistance Cluster: CFDA #84.063 and CFDA # 84.268 Career and Technical Education – Basic Grants to States: CFDA #84.048
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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
MARCH 3, 2015**