

PENTA CAREER CENTER
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007



Mary Taylor, CPA

Auditor of State

Board of Education
Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have reviewed the *Independent Auditors' Report* of the Penta Career Center, Wood County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 20, 2008

This Page is Intentionally Left Blank.

PENTA CAREER CENTER

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 9
Statement of Net Assets	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	15
Statement of Fiduciary Net Assets – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund	17
Notes to the Basic Financial Statements	18 - 42
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	43 - 44
Schedule of Expenditures of Federal Awards (Cash Basis)	45
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	46 - 47
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	48 - 49
Schedule of Findings and Questioned Costs	50
Summary Schedule of Prior Audit Findings	51



INDEPENDENT AUDITORS' REPORT

Board of Education
Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

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

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center as of June 30, 2007, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2008 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and pages 43 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Penta Career Center's basic financial statements. The accompanying schedule of expenditures of federal awards on page 45 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John O'Brien Ltd.

March 19, 2008

Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The discussion and analysis of Penta Career Center's financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2007. 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 Penta Career Center's financial position.

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

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

REPORTING THE CAREER CENTER AS A WHOLE

The statement of net assets and the statement of activities reflect how the Career Center did financially during fiscal year 2007. 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 year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, all of the Career Center's activities are reported as governmental activities including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

REPORTING THE CAREER CENTER'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Career Center's major funds. The Career Center's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Permanent Improvement and Building capital projects funds. While the Career Center uses many funds to account for its financial transactions, these are the most significant.

Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Career Center's net assets for fiscal year 2007 and fiscal year 2006.

Table 1 Net Assets			
	2007	2006	Change
<u>Assets</u>			
Current and Other Assets	\$72,132,747	\$114,440,651	(\$42,307,904)
Capital Assets, Net	73,330,262	25,304,758	48,025,504
Total Assets	145,463,009	139,745,409	5,717,600
<u>Liabilities</u>			
Current and Other Liabilities	35,080,266	35,157,623	77,357
Long-Term Liabilities	66,650,514	68,412,907	1,762,393
Total Liabilities	101,730,780	103,570,530	1,839,750
			(continued)

Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 1
Net Assets
(continued)

	2007	2006	Change
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$11,095,185	\$9,559,495	\$1,535,690
Restricted	33,302,842	26,814,065	6,488,777
Unrestricted (Deficit)	(665,798)	(198,681)	(467,117)
Total Net Assets	<u>\$43,732,229</u>	<u>\$36,174,879</u>	<u>\$7,557,350</u>

Current and other assets decreased by 37 percent, or \$42,307,904. All of the bond proceeds relating to the construction of the new campus and a portion of the general obligation notes were expended in fiscal year 2007.

Capital assets increased significantly as construction of the new campus continued through fiscal year 2007. Overall total assets increased by 4 percent.

Current and other liabilities decreased slightly from reducing the outstanding general obligation notes by \$2,500,000. Long-term liabilities decreased from the retirement of general obligation bonds and the certificates of participation.

Invested in capital assets, net of related debt, increased from the retirement of the debt associated with the construction of the new campus. Restricted net assets increased from the transfers from the General Fund to the Permanent Improvement capital projects fund to set aside money for the construction of the new campus and the interest revenue earned on unexpended debt proceeds. A portion of these resources is transferred to the debt service fund to pay for the related debt each fiscal year.

Table 2 reflects the change in net assets for fiscal year 2007 and fiscal year 2006.

Table 2
Change in Net Assets

	2007	2006	Change
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$1,352,074	\$1,304,709	\$47,365
Operating Grants and Contributions	5,854,803	5,737,228	117,575
Total Program Revenues	<u>7,206,877</u>	<u>7,041,937</u>	<u>164,940</u>

(continued)

Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 2
Change in Net Assets
(continued)

	2007	2006	Change
General Revenues			
Property Taxes	\$15,889,395	\$14,940,863	\$948,532
Payment in Lieu of Taxes	288,948	125,003	163,945
Grants and Entitlements not Restricted to Specific Programs	8,836,130	8,428,921	407,209
Interest	4,056,066	3,729,330	326,736
Miscellaneous	72,208	65,118	7,090
Total General Revenues	29,142,747	27,289,235	1,853,512
Total Revenues	36,349,624	34,331,172	2,018,452
Instruction:			
Regular	26,301	51,787	25,486
Special	1,075,770	973,943	(101,827)
Vocational	13,136,885	12,754,964	(381,921)
Adult/Continuing	652,949	675,409	22,460
Support Services:			
Pupils	2,684,169	2,373,503	(310,666)
Instructional Staff	2,163,848	2,190,829	26,981
Board of Education	62,756	70,384	7,628
Administration	1,269,585	1,380,577	110,992
Fiscal	566,603	626,503	59,900
Operation and Maintenance of Plant	2,226,434	2,355,379	128,945
Central	334,696	295,154	(39,542)
Noninstructional Services	867,859	838,054	(29,805)
Extracurricular Activities	140,163	85,467	(54,696)
Intergovernmental	0	5,000	5,000
Interest and Fiscal Charges	3,584,256	2,944,502	(639,754)
Total Expenses	28,792,274	27,621,455	(1,170,819)
Increase in Net Assets	7,557,350	6,709,717	847,633
Net Assets at Beginning of Year	36,174,879	29,465,162	6,709,717
Net Assets at End of Year	\$43,732,229	\$36,174,879	\$7,557,350

Program revenues accounted for 20 percent of total revenues received in fiscal year 2007, which is slightly less than last fiscal year. These revenues consisted of tuition and fees, charges for providing lunches to students, vocational services grants for specified purposes, and gifts and donations. Operating grants and contributions increased from the Career Center being awarded additional vocational monies in fiscal year 2007 due to increased enrollment. The majority of general revenues consisted of property taxes and unrestricted grants and entitlements. Total revenues increased 6 percent primarily from property tax increases.

Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Costs for providing instruction stayed consistent with that of the prior fiscal year at 52 percent. The percentage of total expenses for support services and noninstructional expenses were 32 percent and 3 percent, respectively, as compared to 34 percent and 3 percent, respectively, for fiscal year 2006. Support services include costs associated with providing support to pupils and teachers, along with expenses relating to the administration and maintenance of buildings. Noninstructional expenses consist of food services to students.

Net assets continued to increase from the collection of the property tax revenues for both unrestricted and restricted purposes. The permanent improvement property taxes are being principally restricted to pay the principal and interest payments on the certificates of participation and tax anticipation notes.

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	
	2007	2006	2007	2006
Instruction:				
Regular	\$26,301	\$51,787	\$7,567	\$31,784
Special	1,075,770	973,943	(14,918)	(151,551)
Vocational	13,136,885	12,754,964	8,877,553	8,227,060
Adult/Continuing	652,949	675,409	(463,523)	(166,968)
Support Services:				
Pupils	2,684,169	2,373,503	2,661,369	2,351,475
Instructional Staff	2,163,848	2,190,829	2,163,848	2,190,829
Board of Education	62,756	70,384	62,756	70,384
Administration	1,269,585	1,380,577	1,269,585	1,380,577
Fiscal	566,603	626,503	566,603	626,503
Operation and Maintenance of Plant	2,226,434	2,355,379	2,226,434	2,355,379
Central	334,696	295,154	334,696	295,154
Noninstructional Services	867,859	838,054	169,008	350,282
Extracurricular Activities	140,163	85,467	140,163	69,108
Intergovernmental	0	5,000	0	5,000
Interest and Fiscal Charges	3,584,256	2,944,502	3,584,256	2,944,502
Total Expenses	\$28,792,274	\$27,621,455	\$21,585,397	\$20,579,518

Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

All costs associated with special instruction were funded by a portion of the Career Center's State foundation revenue. Although the Career Center's main function is to provide career-technical training to students, only 32 percent of program revenues are specifically received to provide the instruction. The Career Center funds 56 percent of its total instruction costs and almost all of the support services costs with property taxes and unrestricted grants and entitlements. Adult/continuing expenses were fully funded by tuition and fees and grants for fiscal year 2006 and fiscal year 2007.

Noninstructional expenses for food service operations continue to be partially funded with general revenues because part of the operations includes the training of students.

GOVERNMENTAL ACTIVITIES 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 Permanent Improvement and Building capital projects funds. For the General Fund, both revenues and expenditures were very comparable to the prior fiscal year. The excess of revenues over expenditures in the General Fund was \$2,452,533 indicating that the Career Center continues to carefully allocate resources. The General Fund continues to transfer funds to the Permanent Improvement capital projects fund for renovations, debt service requirements, and to set aside funding for the Career Center's construction of a new campus.

Principal and interest payments within the Bond Retirement debt service fund are fully funded by transfers from the Permanent Improvement capital projects fund.

The excess of revenues over expenditures in the Permanent Improvement capital projects fund was \$5,537,701. Revenues increased principally from property tax revenues and the interest earned on available cash balances within the fund. Transfers were made to the Bond Retirement debt service fund for the scheduled principal and interest payments on the certificates of participation and the Building capital projects fund.

Expenditures exceeded revenues in the Building capital projects fund, in the amount of \$46,622,783, as the construction of the new campus continued.

BUDGETARY HIGHLIGHTS

The Career Center prepares an annual budget of revenues and expenditures for all funds of the Career Center for use by the Career Center's administration, management, and department heads and prepares such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of July. The Career Center's most significant budgeted fund is the General Fund. During fiscal year 2007, the Career Center amended its General Fund budget as needed.

For the General Fund, final budgeted revenues increased slightly from the original revenue estimates. Actual revenues were slightly more than final budgeted revenues, in the amount of \$196,208, or less than 1 percent. Final appropriations increased slightly from the original budget. Actual expenditures were within 6 percent of the final appropriations.

Penta Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The budgetary statement presentation is at the function level. Since the Board of Education budgets the General Fund at the fund level, the negative variance amounts presented on the financial statements do not represent violations of budgetary law.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The primary increase in capital assets is from the construction in progress for the new campus. Note 9 provides additional details regarding capital assets.

Debt - The Career Center had two outstanding debt issues. The land acquisition bonds, in the amount of \$1,945,000, pertain to the acquisition of property for the construction of the new campus. The bonds are paid from transfers from the General Fund. The Career Center also entered into a leasing arrangement for constructing, equipping, and furnishing a new campus. The outstanding balance on the certificates of participation was \$61,440,000, at June 30, 2007. The leasing agreement will be paid from a one mill permanent improvement property tax levy.

In addition to the debt outlined above, the Career Center's long-term obligations also include compensated absences. Note 17 provides additional details regarding long-term obligations.

CURRENT ISSUES

Construction on the new campus is expected to be complete in the summer of 2008. The Career Center expects to have students on the new campus for the start of the 2008-09 school year. The facility will be finished about eight months ahead of schedule giving the Career Center the opportunity to open the new school to students an entire school year earlier than originally anticipated.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in Penta 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 Carrie J. Herringshaw, Treasurer, 30095 Oregon Road, Perrysburg, Ohio 43551.

Penta Career Center
Statement of Net Assets
June 30, 2007

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$41,065,708
Cash and Cash Equivalents with Escrow Agent	2,666,650
Investments	8,777,283
Accounts Receivable	1,731
Accrued Interest Receivable	869,664
Intergovernmental Receivable	160,783
Prepaid Items	90,167
Inventory Held for Resale	10,878
Materials and Supplies Inventory	3,320
Property Taxes Receivable	16,908,225
Unamortized Issuance Costs	1,578,338
Nondepreciable Capital Assets	68,096,837
Depreciable Capital Assets, Net	5,233,425
<i>Total Assets</i>	145,463,009
<u>Liabilities</u>	
Accrued Wages and Benefits Payable	1,712,476
Accounts Payable	237,476
Contracts Payable	1,339,840
Retainage Payable	2,721,291
Matured Compensated Absences Payable	147,858
Separation Benefits Payable	6,000
Intergovernmental Payable	301,794
Accrued Interest Payable	875,123
Notes Payable	12,500,000
Deferred Revenue	15,238,408
Long-Term Liabilities	
Due Within One Year	1,758,521
Due in More Than One Year	64,891,993
<i>Total Liabilities</i>	101,730,780
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	11,095,185
Restricted for:	
Capital Projects	33,142,036
Other Purposes	160,806
Unrestricted (Deficit)	(665,798)
<i>Total Net Assets</i>	\$43,732,229

See accompanying notes to the basic financial statements

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

	Program Revenues		Net (Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities</u>			
Instruction:			
Regular	\$26,301	\$0	\$18,734
Special	1,075,770	0	1,090,688
Vocational	13,136,885	168,045	4,091,287
Adult/Continuing	652,949	629,703	486,769
Support Services:			
Pupils	2,684,169	0	22,800
Instructional Staff	2,163,848	0	0
Board of Education	62,756	0	0
Administration	1,269,585	0	0
Fiscal	566,603	0	0
Operation and Maintenance			
of Plant	2,226,434	0	0
Central	334,696	0	0
Noninstructional Services	867,859	554,326	144,525
Extracurricular Activities	140,163	0	0
Interest and Fiscal Charges	3,584,256	0	0
<i>Total Governmental Activities</i>	<u>\$28,792,274</u>	<u>\$1,352,074</u>	<u>\$5,854,803</u>
 <u>General Revenues</u>			
Property Taxes Levied for			
General Purposes			11,039,918
Permanent Improvement			4,849,477
Payment in Lieu of Taxes			288,948
Grants and Entitlements not Restricted to Specific Programs			8,836,130
Interest			4,056,066
Miscellaneous			72,208
<i>Total General Revenues</i>			<u>29,142,747</u>
<i>Change in Net Assets</i>			7,557,350
<i>Net Assets at Beginning of Year</i>			36,174,879
<i>Net Assets at End of Year</i>			\$43,732,229

See accompanying notes to the basic financial statements

Penta Career Center
Balance Sheet
Governmental Funds
June 30, 2007

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental	Total
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,961,339	\$674	\$15,496,215	\$21,308,053	\$299,427	\$41,065,708
Investments	0	4,241,486	0	4,535,797	0	8,777,283
Accounts Receivable	1,731	0	0	0	0	1,731
Accrued Interest Receivable	372,658	0	0	497,006	0	869,664
Intergovernmental Receivable	5,000	0	0	0	155,783	160,783
Interfund Receivable	90,758	0	186,585	0	0	277,343
Prepaid Items	40,641	0	0	49,526	0	90,167
Inventory Held for Resale	0	0	0	0	10,878	10,878
Materials and Supplies Inventory	0	0	0	0	3,320	3,320
Restricted Assets						
Cash and Cash Equivalents with Escrow Agent	0	0	0	2,666,650	0	2,666,650
Property Taxes Receivable	11,726,463	0	5,181,762	0	0	16,908,225
Total Assets	\$16,198,590	\$4,242,160	\$20,864,562	\$29,057,032	\$469,408	\$70,831,752
Liabilities and Fund Balances						
Liabilities						
Accrued Wages and Benefits Payable	\$1,671,926	\$0	\$0	\$0	\$40,550	\$1,712,476
Accounts Payable	208,293	0	0	0	29,183	237,476
Contracts Payable	0	0	0	1,339,840	0	1,339,840
Retainage Payable	0	0	0	54,641	0	54,641
Matured Compensated Absences Payable	147,858	0	0	0	0	147,858
Intergovernmental Payable	277,075	0	0	0	24,719	301,794
Interfund Payable	186,585	0	0	0	90,758	277,343
Liabilities Payable from Restricted Assets						
Retainage Payable	0	0	0	2,666,650	0	2,666,650
Accrued Interest Payable	0	0	0	176,597	0	176,597
Notes Payable	0	0	0	12,500,000	0	12,500,000
Deferred Revenue	11,279,279	0	4,821,661	494,646	12,359	16,607,945
Total Liabilities	13,771,016	0	4,821,661	17,232,374	197,569	36,022,620
Fund Balances						
Reserved for Property Taxes	671,026	0	289,660	0	0	960,686
Reserved for Encumbrances	624,237	0	0	22,948,949	85,370	23,658,556
Unreserved, Reported in						
General Fund	1,132,311	0	0	0	0	1,132,311
Special Revenue Funds	0	0	0	0	186,469	186,469
Debt Service Fund	0	4,242,160	0	0	0	4,242,160
Capital Projects Funds (Deficit)	0	0	15,753,241	(11,124,291)	0	4,628,950
Total Fund Balances	2,427,574	4,242,160	16,042,901	11,824,658	271,839	34,809,132
Total Liabilities and Fund Balances	\$16,198,590	\$4,242,160	\$20,864,562	\$29,057,032	\$469,408	\$70,831,752

See accompanying notes to the basic financial statements

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

<i>Total Governmental Fund Balances</i>		\$34,809,132
 <i>Amounts reported for governmental activities on the statement of net assets are different because of the following:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		73,330,262
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accrued Interest Receivable	851,458	
Intergovernmental Receivable	12,359	
Property Taxes Receivable	<u>505,720</u>	
		1,369,537
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		1,578,338
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Separation Benefits Payable	(6,000)	
Accrued Interest Payable	(698,526)	
General Obligation Bonds Payable	(1,945,000)	
Certificates of Participation Payable	(62,299,354)	
Compensated Absences Payable	<u>(2,406,160)</u>	
		<u>(67,355,040)</u>
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$43,732,229</u></u>

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental	Total
Revenues						
Property Taxes	\$11,033,948	\$0	\$4,849,347	\$0	\$0	\$15,883,295
Payment in Lieu of Taxes	288,948	0	0	0	0	288,948
Intergovernmental	12,847,348	0	588,450	0	1,358,748	14,794,546
Interest	152,526	80,127	821,482	2,464,510	0	3,518,645
Tuition and Fees	168,045	0	0	0	458,456	626,501
Charges for Services	352,947	0	0	0	377,557	730,504
Extracurricular Activities	16,286	0	0	0	0	16,286
Gifts and Donations	3,200	0	0	0	0	3,200
Miscellaneous	69,688	180	0	33	2,307	72,208
<i>Total Revenues</i>	<u>24,932,936</u>	<u>80,307</u>	<u>6,259,279</u>	<u>2,464,543</u>	<u>2,197,068</u>	<u>35,934,133</u>
Expenditures						
Current:						
Instruction:						
Special	1,122,412	0	0	0	0	1,122,412
Vocational	12,791,432	0	0	0	46,000	12,837,432
Adult/Continuing	81,756	0	0	0	580,662	662,418
Support Services:						
Pupils	2,179,035	0	0	0	440,754	2,619,789
Instructional Staff	1,953,414	0	0	0	228,108	2,181,522
Board of Education	62,756	0	0	0	0	62,756
Administration	950,506	0	0	0	357,769	1,308,275
Fiscal	494,372	0	53,618	27,931	0	575,921
Operation and Maintenance of Plant	2,136,058	0	0	0	0	2,136,058
Central	333,433	0	0	0	0	333,433
Noninstructional Services	235,276	0	0	0	600,111	835,387
Extracurricular Activities	139,953	0	0	0	210	140,163
Capital Outlay	0	0	231,613	48,370,695	0	48,602,308
Debt Service:						
Principal Retirement	0	1,220,000	340,000	0	0	1,560,000
Interest and Fiscal Charges	0	2,792,756	96,347	688,700	0	3,577,803
<i>Total Expenditures</i>	<u>22,480,403</u>	<u>4,012,756</u>	<u>721,578</u>	<u>49,087,326</u>	<u>2,253,614</u>	<u>78,555,677</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,452,533</u>	<u>(3,932,449)</u>	<u>5,537,701</u>	<u>(46,622,783)</u>	<u>(56,546)</u>	<u>(42,621,544)</u>
Other Financing Sources (Uses)						
Transfers In	0	3,986,821	2,300,000	5,472,659	141,101	11,900,581
Transfers Out	(2,778,031)	0	(8,842,813)	(279,737)	0	(11,900,581)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,778,031)</u>	<u>3,986,821</u>	<u>(6,542,813)</u>	<u>5,192,922</u>	<u>141,101</u>	<u>0</u>
<i>Changes in Fund Balances</i>	<u>(325,498)</u>	<u>54,372</u>	<u>(1,005,112)</u>	<u>(41,429,861)</u>	<u>84,555</u>	<u>(42,621,544)</u>
<i>Fund Balances at Beginning of Year</i>	<u>2,753,072</u>	<u>4,187,788</u>	<u>17,048,013</u>	<u>53,254,519</u>	<u>187,284</u>	<u>77,430,676</u>
<i>Fund Balances at End of Year</i>	<u>\$2,427,574</u>	<u>\$4,242,160</u>	<u>\$16,042,901</u>	<u>\$11,824,658</u>	<u>\$271,839</u>	<u>\$34,809,132</u>

See accompanying notes to the basic financial statements

Penta Career Center
*Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Changes in Fund Balances - Total Governmental Funds (\$42,621,544)

***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 capital outlay exceeded depreciation in the current year:

Nondepreciable Capital Assets	48,533,047	
Depreciable Capital Assets	253,801	
Depreciation	(744,809)	
		48,042,039

The book value of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (16,535)

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

Property Taxes	6,100	
Intergovernmental	(106,813)	
Interest	537,421	
Charges for Services	(21,217)	
		415,491

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 1,560,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets. 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	7,986	
Amortization of Premium	17,256	
		25,242

Issuance costs are reported as an expenditure when paid in the governmental funds, but is amortized on the statement of activities. (31,695)

Some expenses 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.

Compensated Absences Payable	185,137	
Separation Benefits Payable	(785)	
		184,352

Change in Net Assets of Governmental Activities \$7,557,350

See accompanying notes to the basic financial statements

Penta Career Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$9,405 ✓	\$15,696 ✓
<u>Liabilities</u>		
Due to Students	0	\$15,696
<u>Net Assets</u>		
Held in Trust for Students	\$9,405	

See accompanying notes to the basic financial statements

Penta Career Center
Statement of Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2007

<u>Additions</u>	
Gifts and Donations	\$5,336
<u>Deductions</u>	
Noninstructional Services	<u>5,111</u>
<i>Change in Net Assets</i>	225
<i>Net Assets at Beginning of Year</i>	<u>9,180</u>
<i>Net Assets at End of Year</i>	<u><u>\$9,405</u></u>

See accompanying notes to the basic financial statements

Note 1 - Description of the Career Center and Reporting Entity

Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of an eleven member Board of Education consisting of a representative from the participating school districts' elected boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and two representatives from each of the most populous counties: Lucas and Wood. 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 in 1964. The Career Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood Counties. It is staffed by fifty-three classified employees, one hundred eighty-two certified teaching personnel, and twenty-one administrative employees who provide services to one thousand seven hundred nine students and other community members. The Career Center currently operates five instructional buildings.

Reporting Entity

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

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

The Career Center participates in two jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Ohio School Plan, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and the Wood County Insurance Consortium. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. These statements usually 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). However, the Career Center has no business-type activities.

The statement of net assets presents the financial condition of the governmental 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. 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 and contributions that are restricted to meeting the operational or capital 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 is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

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

B. Fund Accounting

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

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Governmental Funds

Governmental funds are those through which most governmental functions of the Career Center are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Career Center's major funds are the General Fund, the Bond Retirement debt service fund, and the Permanent Improvement and Building 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 debt service fund accounts for the accumulation of resources for, and the payment of principal, interest, and related costs of the certificates of participation.

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for the acquisition, construction, or improvement of capital facilities.

Building Fund - The Building capital projects fund accounts for proceeds from the issuance of certificates of participation used to construct a new campus.

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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.

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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

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

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the estimate of revenues, certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The estimate of revenues provides information regarding the estimated revenues for all funds, along with a schedule of outstanding general obligation debt. 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 selected by the Board is the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level for these 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 amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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.

F. Cash and Investments

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

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Cash and cash equivalents that are held separately by an escrow agent for payment of retainage to contractors upon project completion are recorded as "Cash and Cash Equivalents with Escrow Agent".

During fiscal year 2007, the Career Center's investments included nonnegotiable certificates of deposit, federal agency securities, commercial paper, mutual funds, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2007.

The Board of Education, by resolution, allocates interest earnings at the end of each fiscal year. Interest revenue credited to the General Fund during fiscal year 2007 was \$152,526, which includes \$232 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, 2007, 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. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

I. Unamortized Issuance Costs

On the government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

On the governmental fund financial statements, issuance costs are recognized as expenditures in the current period.

J. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Career Center has resources set aside in separate escrow accounts whose use is limited to the payment of retainage to contractors.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

K. Capital Assets

All of the Career Center's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

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 five 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.

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	Useful Lives
Land Improvements	15 - 20 years
Buildings and Building Improvements	5 - 40 years
Furniture, Fixtures, and Equipment	5 - 15 years
Vehicles	8 years

L. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

M. 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. The liability includes earned sick leave 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.

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.

N. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and separation benefits 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 year. Bonds and certificates of participation are recognized as liabilities on the fund financial statements when due.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes. The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The School District did not have any net assets restricted by enabling legislation at June 30, 2007.

P. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

Q. 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. Premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, premiums are recognized as other financing sources in the current period.

R. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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

S. Estimates

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

Note 3 - Accountability

At June 30, 2007, the Title V special revenue fund had a deficit fund balance of \$10 resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 - Compliance

The Food Service special revenue fund had final appropriations in excess of estimated resources and available balances, in the amount of \$1,791.

The Career Center will monitor the activity of their funds more closely towards fiscal year end to stay within estimated resources.

Note 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.

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.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,838,268 of the Career Center's bank balance of \$34,767,226 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of June 30, 2007, the Career Center had the following investments:

	Total	Less Than Three Months	Three Months to Six Months	Six Months to One Year	One Year to Two Years
Federal Home Loan Bank Notes	\$2,592,494	\$0	\$1,595,621	\$996,873	\$0
Federal Home Loan Bank Bonds	3,947,510	0	999,500	953,035	1,994,975
Federal Home Loan Mortgage Corporation Notes	3,198,050	0	0	958,911	2,239,139
Federal National Mortgage Association Notes	990,268	990,268	0	0	0
Commercial Paper	4,241,486	4,241,486	0	0	0
Mutual Funds	1,049,619	1,049,619	0	0	0
STAR Ohio	2,141,316	2,141,316	0	0	0
Total	<u>\$18,160,743</u>	<u>\$8,422,689</u>	<u>\$2,595,121</u>	<u>\$2,908,819</u>	<u>\$4,234,114</u>

A significant portion of these investments are held by specific funds as presented below:

	Building	Bond Retirement
Federal Home Loan Bank Notes	\$2,592,494	\$0
Federal Home Loan Bank Bonds	953,035	0
Federal National Mortgage Association Notes	990,268	0
Commercial Paper	0	4,241,486
Mutual Funds	1,049,560	0
STAR Ohio	2,139,626	0

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. Commercial paper must mature within 180 days. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The investments in Federal Home Loan Bank Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes carry a rating of Aaa by Moodys. The commercial paper carries a rating of A1+ by Standard and Poor's and P-1 by Moody's. The mutual funds carry a rating of Aaam by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

service. Commercial paper must be rated in the highest classification by at least two nationally recognized rating services.

The Career Center places no limit on the amount of its interim monies it may invest in a particular security although Ohio law sets limits on investments in commercial paper. The following table indicates the percentage of each investment to the Career Center's total portfolio.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank Notes	\$2,592,494	14.28%
Federal Home Loan Bank Bonds	3,947,510	21.74
Federal Home Loan Mortgage Corporation Notes	3,198,050	17.61
Federal National Mortgage Association Notes	990,268	5.45
Commercial Paper	4,241,486	23.36

Note 6 - Receivables

Receivables at June 30, 2007, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, interfund, 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:

	<u>Amount</u>
Governmental Activities	
General Fund	
Grant	\$5,000
Other Governmental Funds	
Lunchroom	33,668
Adult Education	2,520
Career Education	1,714
Adult Basic Literacy Education	33,746
Perkins	84,112
Title II A	23
Total Other Governmental Funds	<u>155,783</u>
Total Intergovernmental Receivables	<u><u>\$160,783</u></u>

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 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 property, public utility property, and tangible personal (used in business) property located in the area served by the Career Center. Real property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien on December 31, 2005, were levied after April 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. For fiscal year 2007, the settlements from Fulton and Lucas Counties were delayed beyond fiscal year end.

The Career Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky, and Wood 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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2007, 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 and the late personal property settlement were levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007, was \$671,026 in the General Fund and \$289,660 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2006, was \$658,865 in the General Fund and \$295,478 in the Permanent Improvement capital projects fund.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The late tax settlements made by the Counties for fiscal year 2007 were \$132,970 in the General Fund and \$70,441 in the Permanent Improvement capital projects fund. The late tax settlements made by the Counties for fiscal year 2006 were \$19,242 in the General Fund and \$24,019 in the Permanent Improvement capital projects fund.

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

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

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Real	\$5,079,891,180	87.24%	\$5,417,974,690	91.46%
Public Utility	309,852,330	5.32	238,907,040	4.03
Tangible Personal	433,222,217	7.44	267,214,253	4.51
Total Assessed Value	<u>\$5,822,965,727</u>	<u>100.00%</u>	<u>\$5,924,095,983</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

Note 8 - Payment in Lieu of Taxes

According to State law, the Career Center has entered into agreements with a number of property owners under which the Career Center has granted property tax abatements to those property owners. The property owners have agreed to make payments to the Career Center which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The payment is received annually either as an agreed upon flat amount per year or the amount of estimated taxes that would have been due in that fiscal year. Most of the agreements are for a ten year period. The property owners contractually promise to make these payments in lieu of taxes until the agreement expires.

Note 9 - Capital Assets

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

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$4,755,313	\$231,613	\$0	\$4,986,926
Construction in Progress	14,820,667	48,301,434	(12,190)	63,109,911
Total Nondepreciable Capital Assets	<u>19,575,980</u>	<u>48,533,047</u>	<u>(12,190)</u>	<u>68,096,837</u>

(continued)

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07
Depreciable Capital Assets				
Land Improvements	\$396,682	\$0	\$0	\$396,682
Buildings and Building Improvements	14,520,804	7,425	(24,981)	14,503,248
Furniture, Fixtures, and Equipment	3,000,433	140,587	(82,036)	3,058,984
Vehicles	971,818	117,979	(136,113)	953,684
Total Depreciable Capital Assets	18,889,737	265,991	(243,130)	18,912,598
Less Accumulated Depreciation				
Land Improvements	(332,081)	(21,865)	0	(353,946)
Buildings and Building Improvements	(10,268,465)	(493,724)	11,833	(10,750,356)
Furniture, Fixtures, and Equipment	(1,823,308)	(161,499)	80,980	(1,903,827)
Vehicles	(737,105)	(67,721)	133,782	(671,044)
Total Accumulated Depreciation	(13,160,959)	(744,809)	226,595	(13,679,173)
Depreciable Capital Assets, Net	5,728,778	(478,818)	(16,535)	5,233,425
Governmental Activities				
Capital Assets, Net	\$25,304,758	\$48,054,229	(\$28,725)	\$73,330,262

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$25,368
Special	39,840
Vocational	495,450
Adult/Continuing	2,408
Support Services:	
Pupils	32,362
Instructional Staff	34,449
Administration	29,690
Fiscal	366
Operation and Maintenance of Plant	57,999
Central	721
Noninstructional Services	26,156
Total Depreciation Expense	\$744,809

Note 10 - Interfund Assets/Liabilities

At June 30, 2007, the General Fund had an interfund receivable, in the amount of \$90,758, from other governmental funds to provide cash flow resources until the receipt of grant monies.

The Permanent Improvement capital projects funds had an interfund receivable, in the amount of \$186,585, from the General Fund for a short-term loan.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 11 - Risk Management

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the Career Center contracted for the following insurance coverage.

Coverage provided by Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$1,000,000
Aggregate	3,000,000
Excess Liability	2,000,000

Coverage provided by the Netherlands Insurance Company is as follows:

Building	48,248,917
Computer Equipment	2,415,653
Computer Software	100,000
Automobile Liability	1,000,000

Coverage provided by Great American Insurance Group is as follows:

Builders Risk	80,000,000
---------------	------------

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.

For fiscal year 2007, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverages and deductibles selected by the participant.

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

The Career Center participates in the Wood County Insurance Consortium (WCIC), a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. The Career Center pays monthly premiums to the WCIC for employee medical and dental benefits. Upon withdrawal from the WCIC, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 12 - Contractual Obligations

As of June 30, 2007, the School District had contractual commitments as follows:

Company	Project	Amount Remaining on Contract
TCI/TMP	Architect and Engineering	\$408,005
Rudolph/Libbe, Inc.	Construction Manager	1,886,837
Border Fire Protection	Fire Protection	445,681
Great Lakes Hotel Supply	Food Service Equipment	1,253,884
Garner Corporation	Concrete Work	295,986
H.E.A.T.	Temperature Control	546,745
Enviro-Aire	Testing	76,339
Retzke Snyder	Electrical	4,563,095
TTL Associates, Inc.	Soil Testing	36,770
Dimech Services, Inc.	Plumbing	1,099,986
Hagerman Construction	Masonry	2,567,294
Industrial Power System	Heating and Air Conditioning	2,532,424
Miller Brothers Construction	Site Preparation	44,680
Miller Brothers Construction	Sitework	1,195,098
Ohio Steel Industries	Steel	45,760
Retzke Snyder	Technology Infrastructure	96,267
Mosser Construction, Inc.	General Trades	7,113,230
Simpson, Bumpertz & Heger, Inc.	Window Testing	50,000

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

The Career Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of 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 CP offers features of both the DBP and 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. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salary and the Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The Career Center's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2007, 2006, and 2005 was \$1,783,020, \$1,560,612, and \$1,531,435, respectively; 90 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005. Contributions for the DCP and CP for the fiscal year ended June 30, 2007, were \$7,221 made by the Career Center and \$19,762 made by plan members.

B. School Employees Retirement System

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

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salary and the Career Center was required to contribute an actuarially determined rate. The rate for fiscal year 2007 was 14 percent of annual covered payroll; 10.68 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 was \$347,556, \$225,665, and \$252,246, respectively; 91 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

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, 2007, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2007, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount was \$137,711.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$4.1 billion at June 30, 2007. For the fiscal year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000, and STRS had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All members are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge amount is capped at 2 percent of the Career Center's salaries. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$144,340 for fiscal year 2007.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2006 (the latest available information), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants currently receiving health care benefits.

Note 15 - 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 ten to twenty days of vacation per year, depending upon length of service. Administrators earn twenty-one 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. Sick leave may be accumulated up to a maximum of two hundred eighty-five days for all employees. Upon retirement, with ten consecutive years of service with the Career Center, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of seventy-one and one-fourth days.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Wood County Insurance Consortium. The employees share the cost of the monthly premium with the Board. 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 most employees through Minnesota Life. Vision coverage is provided through Vision Service Plan.

C. Separation Benefits

The Career Center provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System that has ten years of service with the Career Center will be paid \$1,500 if notification of pending retirement is submitted in writing to the Superintendent no later than March 1 for retirement effective at the end of the current school year or prior to the following school year.

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 16 - Notes Payable

A summary of the note transactions for the fiscal year ended June 30, 2007, is as follows:

	Interest Rate	Balance at 6/30/2006	Additions	Reductions	Balance at 6/30/2007
<u>Governmental Activities</u>					
Tax Anticipation Notes					
March 2, 2006	4.25%	\$15,000,000	\$0	\$15,000,000	\$0
March 1, 2007	4.25	0	12,500,000	0	12,500,000
Total Governmental Activities		<u>\$15,000,000</u>	<u>\$12,500,000</u>	<u>\$15,000,000</u>	<u>\$12,500,000</u>

The Career Center issued Capital Facility tax anticipation notes, in the amount of \$12,500,000, to partially retire notes previously issued to construct a new campus. The tax anticipation notes were issued on March 1, 2007, with an interest rate of 4.25 percent, for one year. The notes will be paid with a 1 mill property tax levy. At June 30, 2007, \$4,625,696 was expended for governmental construction.

Note 17 - Long-Term Obligations

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

	Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07	Amounts Due Within One Year
General Long-Term Obligations					
2002 Land Acquisition Bonds 2.5 - 5.25%	\$2,285,000	\$0	\$340,000	\$1,945,000	\$355,000
2004 Certificates of Participation 1.4 - 5%	62,660,000	0	1,220,000	61,440,000	1,250,000
Premium on Certificates of Participation	876,610	0	17,256	859,354	0
Total General Long-Term Obligations	65,821,610	0	1,577,256	64,244,354	1,605,000
Compensated Absences Payable	2,591,297	0	185,137	2,406,160	153,521
Total Governmental Activities Long-Term Obligations	<u>\$68,412,907</u>	<u>\$0</u>	<u>\$1,762,393</u>	<u>\$66,650,514</u>	<u>\$1,758,521</u>

Land Acquisition General Obligation Bonds - In fiscal year 2002, the Career Center issued \$3,500,000 in unvoted general obligation bonds to acquire land. The bonds were issued for a ten year period, with final maturity on December 1, 2011. The bonds are being retired from the Permanent Improvement capital projects fund, with transfers from the General Fund.

Certificates of Participation - On March 1, 2004, the Career Center entered into a lease agreement with the Agricultural Incubator Foundation for constructing, equipping, and furnishing a new campus facility. The Agricultural Incubator Foundation entered into an agreement with a trustee through which it assigned and transferred its rights, title, and interest under the lease to Huntington Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

portion of the semiannual lease payments. Proceeds from the issuance of the Certificates will be used to construct the new campus.

Terms of the trust indenture required a portion of the proceeds to be set aside for certificate payments equal to the amount due in the first fiscal year. The current certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account is used solely to make rent payments if a deficiency exists in the current certificate payment account and, if all payments are current, to make payment of the last certificate payment.

The obligation of the Career Center under the lease and any subsequent lease renewal is subject to the annual appropriation of the rental payments. Legal title to the facilities remains with the trustee until all payments required under the lease have been made. At that time, title will be transferred to the Career Center. In the event the Career Center defaults on the lease, after thirty days the lessor may lease the campus to a new tenant. Under terms of the lease agreement, the Career Center may not lease, acquire, or allocate funds to acquire functionally similar facilities for thirty days after default. The lease obligation will be paid from a one mill permanent improvement property tax levy.

The Certificates of Participation are not a general obligation of the Career Center and are payable only from appropriations by the Career Center for annual lease payments.

At June 30, 2007, all of these proceeds, except for \$4,197,281 for debt service reserve, were expended for governmental construction.

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

The Career Center's overall debt margin was \$485,999,743 with an unvoted debt margin of \$3,476,608 at June 30, 2007.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2007, were as follows:

Fiscal Year Ending	Land Acquisition Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2008	\$355,000	\$81,656	\$1,250,000	\$2,765,306
2009	370,000	64,223	1,300,000	2,715,306
2010	390,000	45,930	1,330,000	2,684,431
2011	405,000	28,238	1,395,000	2,617,931
2012	425,000	9,562	1,455,000	2,558,644
2012-2016	0	0	8,110,000	11,957,125
2017-2021	0	0	10,195,000	9,869,188
2022-2026	0	0	12,790,000	7,287,725
2027-2031	0	0	16,100,000	3,977,538
2032-2034	0	0	7,515,000	510,975
Totals	<u>\$1,945,000</u>	<u>\$229,609</u>	<u>\$61,440,000</u>	<u>\$46,944,169</u>

Penta Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 18 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2007.

	Textbooks	Capital Improvements
Balance June 30, 2006	\$0	\$0
Current Year Set Aside Requirement	272,725	272,725
Qualifying Expenditures	(272,725)	(218,010)
Current Year Offsets	0	(54,715)
Balance June 30, 2007	\$0	\$0

The Career Center limited qualifying expenditures during the fiscal year to the amount needed to reduce the setaside amount to zero. Although the Career Center had additional qualifying expenditures, the Career Center did not want to use this amount to reduce the set aside requirement of future fiscal years.

Note 19 - Interfund Transfers

During fiscal year 2007, the General Fund made transfers to the Permanent Improvement and the Building capital projects funds, in the amount of \$2,300,000 and \$336,930, respectively, to pay principal and interest on the land acquisition general obligation bonds and to set aside resources for the construction of a new campus. The General Fund also made transfers to other governmental funds, in the amount of \$141,101, to subsidize the operations of food service and adult education.

The Permanent Improvement capital projects fund made transfers to the Bond Retirement debt service fund and the Building capital projects fund, in the amount of \$3,707,084 and \$5,135,729, respectively, to pay principal and interest on the certificates of participation and pay on the Career Center's share of the construction costs.

The Building capital projects fund made transfers to the Bond Retirement debt service fund, in the amount of \$279,737, to pay principal and interest on the certificates of participation.

Note 20 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The Career Center is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. 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 NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2007, the Career Center paid \$44,886 to NWOCA for various services. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, Archbold, Ohio 43502.

Note 21 - Insurance Pools

A. Ohio School Plan

The Career Center participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated 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. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, and a member of the Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from the Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

B. 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.

C. Wood County Insurance Consortium

The Wood County Insurance Consortium (WCIC) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Career Center, and an educational service center. WCIC is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the WCIC.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the WCIC is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Medical Mutual of Ohio, 3737 Sylvania Avenue, Toledo, Ohio 43623.

Note 22 - 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, 2007.

B. Litigation

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

Penta Career Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$11,425,337	\$11,138,005	\$10,908,059	(\$229,946)
Payment in Lieu of Taxes	0	289,000	288,948	(52)
Intergovernmental	12,784,014	12,784,014	13,012,741	228,727
Interest	175,000	175,000	316,943	141,943
Tuition and Fees	162,720	162,720	168,045	5,325
Charges for Services	232,300	375,020	359,588	(15,432)
Extracurricular Activities	16,000	16,000	16,286	286
Gifts and Donations	3,700	3,700	3,200	(500)
Miscellaneous	14,000	14,000	79,857	65,857
<i>Total Revenues</i>	<u>24,813,071</u>	<u>24,957,459</u>	<u>25,153,667</u>	<u>196,208</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Special	1,124,378	1,128,378	1,083,975	44,403
Vocational	12,777,245	13,337,390	12,790,364	547,026
Adult/Continuing	20	82,554	82,554	0
Support Services:				
Pupils	2,144,792	2,188,492	2,171,373	17,119
Instructional Staff	2,062,703	2,065,283	1,959,608	105,675
Board of Education	87,475	87,475	54,260	33,215
Administration	1,680,227	1,201,527	1,004,542	196,985
Fiscal	525,865	526,765	536,724	(9,959)
Operation and Maintenance of Plant	3,029,322	3,002,952	2,513,573	489,379
Central	382,952	382,952	356,055	26,897
Noninstructional Services	317,027	317,027	285,890	31,137
Extracurricular Activities	129,766	129,766	145,052	(15,286)
<i>Total Expenditures</i>	<u>24,261,772</u>	<u>24,450,561</u>	<u>22,983,970</u>	<u>1,466,591</u>
<i>Excess of Revenues Over Expenditures</i>	<u>551,299</u>	<u>506,898</u>	<u>2,169,697</u>	<u>1,662,799</u>
<u>Other Financing Sources (Uses)</u>				
Other Financing Uses	(200,000)	(200,000)	0	200,000
Advances In	104,690	104,690	123,419	18,729
Advances Out	(123,756)	(156,270)	(90,758)	65,512
Transfers Out	(1,000,000)	(1,336,930)	(2,778,031)	(1,441,101)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,219,066)</u>	<u>(1,588,510)</u>	<u>(2,745,370)</u>	<u>(1,156,860)</u>
<i>Changes in Fund Balance</i>	(667,767)	(1,081,612)	(575,673)	505,939
<i>Fund Balance at Beginning of Year</i>	2,933,352	2,933,352	2,933,352	0
<i>Prior Year Encumbrances Appropriated</i>	846,386	846,386	846,386	0
<i>Fund Balance at End of Year</i>	<u>\$3,111,971</u>	<u>\$2,698,126</u>	<u>\$3,204,065</u>	<u>\$505,939</u>

See accompanying notes to the schedule.

Penta Career Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) (continued)
General Fund
For the Fiscal Year Ended June 30, 2007

Notes:

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

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

Changes in Fund Balance	
GAAP Basis	(\$325,498)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2006, Received in Cash FY 2007	680,456
Accrued FY 2007, Not Yet Received in Cash	(639,988)
Expenditure Accruals:	
Accrued FY 2006, Paid in Cash FY 2007	(2,055,110)
Accrued FY 2007, Not Yet Paid in Cash	2,305,152
Change in Fair Value	
Beginning of Year	169,017
End of Year	11,246
Prepaid Items	14,911
Advances In	123,419
Advances Out	(90,758)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(768,520)
Budget Basis	(\$575,673)

PENTA CAREER CENTER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass – Through Grantor/ Program Title	Grantor Number	CFDA Number	Award Amount	Grant Receipts	Non-Cash Receipts	Grant Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>							
Pell Grant	1340946365AI	84.063	\$ 123,911	\$ 123,911	\$ -0-	\$ 123,911	\$ -0-
Supplemental Education Opportunity Grant		84.007	5,108	5,108	-0-	5,108	-0-
<i>Pass through Ohio Department of Education</i>							
VEA-II Funds (Secondary)	CP II-S07	84.048	434,188	350,454	-0-	434,188	-0-
VEA-II Funds (Adult)	CP II-A07	84.048	54,425	54,047	-0-	54,425	-0-
VEA-II Funds (Secondary)	CP II-S06	84.048	430,161	111,818	-0-	-0-	-0-
VEA-II Funds (Adult)	CP II-A06	84.048	58,460	(810)	-0-	-0-	-0-
VEA-II Funds (Critical Transitions)	VECT-2006-6	84.048	20,000	9,144	-0-	-0-	-0-
			997,234	524,653	-0-	488,613	-0-
Adult Basic Education – FY 2007	AB-S1-07	84.002	204,293	113,980	-0-	118,707	-0-
Title IV-A – Safe and Drug Free Schools	051359-DRS1-2007	84.186	5,395	5,395	-0-	5,395	-0-
Title V – Innovative Education	051359-C2S1-2007	84.298	4,039	4,039	-0-	4,039	-0-
Title V – Innovative Education	051359-C2S1-2006	84.298	9,288	171	-0-	-0-	-0-
			13,327	4,210	-0-	4,039	-0-
Title II-A – Improving Teacher Quality	051359-TRS1-2007	84.367	11,552	11,529	-0-	11,552	-0-
TOTAL DEPARTMENT OF EDUCATION			1,360,820	788,786	-0-	757,325	-0-
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
<i>Pass through Ohio Department of Education</i>							
Food Distribution Program	Nutrition Cluster	10.550	31,559	-0-	31,559	-0-	31,559
National School Breakfast Program	Nutrition Cluster	10.553	10,292	10,292	-0-	10,292	-0-
National School Lunch Program	Nutrition Cluster	10.555	74,895	74,895	-0-	74,895	-0-
TOTAL DEPARTMENT OF AGRICULTURE			116,746	85,187	31,559	85,187	31,559
TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS			\$1,477,566	\$873,973	\$31,559	\$842,512	\$31,559

NOTE – Food Distribution

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center ("Career Center"), as of and for the year ended June 30, 2007, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated March 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Career Center's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Career Center's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we have reported to management of the Career Center in a separate letter dated March 19, 2008.

This report is intended solely for the information and use of the Career Center's Board of Education and management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in cursive script that reads "William O'Brien Ltd." followed by a horizontal line.

March 19, 2008



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

Board of Education
Penta Career Center
30095 Oregon Road
Perrysburg, OH 43551

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with those requirements.

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

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information of and use of the Career Center's Board of Education and management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weber O'Brien Ltd.

March 19, 2008

PENTA CAREER CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2007

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	_X_ no
Reportable condition(s) identified not considered to be material weaknesses?	_____yes	_X_ none reported
Noncompliance material to financial statements noted?	_____yes	_X_ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____yes	_X_ no
Reportable conditions(s) identified not considered to be material weaknesses?	_____yes	_X_ none reported

Type of auditors’ report issued on compliance for major programs:		<u>Unqualified</u>
---	--	--------------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____yes	_X_ no
---	----------	--------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.048	Vocational Education Basic Grant

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
--	------------------

Auditee qualified as low risk auditee?	_X_ yes	_____No
--	---------	---------

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PENTA CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007

NONE



Mary Taylor, CPA
Auditor of State

PENTA CAREER CENTER

WOOD 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
JUNE 3, 2008**