

Portage Lakes Career Center

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Basic Financial Statements

For Fiscal Year Ended June 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Education
Portage Lakes Career Center
4401 Shriver Road
Green, Ohio 44232

We have reviewed the *Independent Auditor's Report* of the Portage Lakes Career Center, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. 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 Portage Lakes Career Center is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 14, 2008

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Portage Lakes Career Center
For the year Ended June 30, 2008
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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

October 17, 2008

The Board of Education
Portage Lakes Career Center
4401 Shriver Road
Green, OH 442172

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Portage Lakes Career Center (the Career Center), as of and for the year ended June 30, 2008, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 the Career Center, as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and adult education program for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 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 on pages 3 through 9 are not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. 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 the Career Center's basic financial statements. The accompanying schedule of expenditures of federal awards 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.

Hea & Associates, Inc.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

The discussion and analysis of the Portage Lakes Career Center's (the Career Center's) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Career Center's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key Financial Highlights for 2008 are as follows:

- General Revenues accounted for \$6.4 million in revenue or 77.1% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for approximately \$1.9 million or 22.9% of total revenues of \$8.3 million.
- Total program expenses were \$6.9 million in Governmental Activities.
- In total, net assets of Governmental Activities increased approximately \$1.3 million, which represents a 16.9% decrease from 2007.

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 the Career Center as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Also, the fund financial statements highlight the Career Center's most significant funds with all other nonmajor funds presented in total in one column. The Career Center has three major funds. They are the general fund, the replacement fund, and the adult education programs funds.

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities, excluding fiduciary funds using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

These two 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 that, for the Career Center as a whole, the financial position of the Career Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Career Center's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the Career Center activities are listed as Governmental:

- Governmental Activities – All of the Career Center's programs and services are reported here, including instruction, support services, operation and maintenance of plant, adult education, and extracurricular activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, replacement fund, and adult education programs.

Governmental Funds - All of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

The Career Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole.

Table 1 provides a summary of the Career Center's net assets for 2008 compared to 2007:

(Table 1)
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Current and Other Assets	\$16,711,037	\$15,353,755
Capital Assets, Net	1,781,196	2,048,397
<i>Total Assets</i>	18,492,233	17,402,152
Liabilities		
Long-Term Liabilities	843,768	945,367
Other Liabilities	3,567,427	3,708,758
<i>Total Liabilities</i>	4,411,195	4,654,125
Net Assets		
Invested in Capital Assets, Net of Debt	1,414,528	1,648,396
Restricted	3,838,921	3,554,226
Unrestricted	8,827,589	7,545,405
<i>Total Net Assets</i>	\$14,081,038	\$12,748,027

Total net assets increased by approximately \$1.3 million. Total assets increased nearly \$1.1 million with cash comprising most of that increase. All of the liabilities decreased totaling \$.3 million less than in fiscal year 2007.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Table 2 shows the changes in net assets for fiscal year 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues:		
Charges for Services	\$ 1,250,094	\$ 1,450,874
Operating Grants	642,861	731,664
General Revenues:		
Property Taxes	3,133,750	3,282,336
Grants and Entitlements	2,649,412	2,277,153
Other	593,400	631,505
<i>Total Revenues</i>	8,269,517	8,373,532
Program Expenses		
Instructional	4,618,414	4,333,161
Support Services	2,305,459	2,422,405
Extracurricular Activities	12,633	13,154
<i>Total Expenses</i>	6,936,506	6,768,720
<i>Change in Net Assets</i>	\$ 1,333,011	\$ 1,604,812

The governmental activities are supported mostly by general revenues which amounted to \$6.4 million or 77.1% of total revenues in fiscal year 2008. The most significant portion of the general revenues are local property taxes and grants and entitlements not restricted for specific programs. The program revenues were \$1.9 million or 22.9% of the \$8.3 million in total revenue. There were no individually significant events that effected the changes in revenues for fiscal year 2008.

The Career Center has carefully planned its financial existence by forecasting its revenues and expenditures over the next five years. The Career Center's revenue growth is mostly dependent upon property tax increases and new construction. Property taxes made up 38% of revenues for governmental activities for the Career Center in fiscal year 2008. Although the Career Center relies heavily upon local property taxes to support its operations, the Career Center does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. In fiscal year 2008, the grants and entitlements amounted to \$2.6 million or 32% of revenues.

Instructional expenses comprise 66.6% of governmental program expenses. Additional supporting services, including program expenses of pupils, instructional staff and operation and maintenance of plant, encompassed an additional 33.2%. The remaining .2% of program expenses are used for other obligations of the Career Center such as extracurricular activities.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$8.3 million and expenses of \$6.9 million.

(Table 3)
Governmental Activities

	2008		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 4,618,414	\$ 2,895,647	\$ 4,333,161	\$ 2,375,299
Support Services:				
Pupil and Instructional Staff	669,205	537,133	550,191	336,421
Board of Education, Administration				
Fiscal and Business	1,186,940	1,157,036	1,165,162	1,160,162
Operation and Maintenance of Plant	351,309	351,309	621,140	621,140
Pupil Transportation and Central	98,005	98,005	85,912	85,912
Extracurricular Activities	12,633	4,421	13,154	7,248
Total	\$ 6,936,506	\$ 5,043,551	\$ 6,768,720	\$ 4,586,182

The dependence upon the general revenues for governmental activities is apparent. Over 72.7% of expenses are not supported by program specific revenues. General revenues, primarily local property taxes and operating grants are used to provide program services. The community, as a whole, is by far the primary supporter for the Career Center's students.

The Career Center's Funds

As of the end of the current fiscal year, the Career Center's governmental funds reported combined ending fund balances of nearly \$13 million, an increase of \$1.5 million from 2007. The general fund had an increase of \$1.2 million which can be partially attributed to the Career Center's reduction of staff.

As staff members leave most staff are not replaced, due to the fear that guarantee money from the state will be cut without notice. However, some staff are replaced if needed. Also, since the Career Center is a joint vocational school, it would be nearly impossible to pass a new tax levy. Our Career Center is made up of 4 local school districts that would each have to pass a tax request by a majority vote for Portage Lakes Career Center to receive additional money. These 4 districts have a history of having a low passage rate for new levies. Therefore, the Career Center actively seeks ways to spend a considerable amount less than we receive in order to stay solvent in the event that the state foundation guarantee program is eliminated. Supplemental equipment dollars from the state have been lost so all spending on equipment from the general fund was stopped. Other areas of budget cuts include supplies, mileage reimbursements, etc.

The adult education programs fund increased \$.1 million due partially to a yearly transfer of \$50,000 from the general fund. In order for the adult education programs to remain a full service center, the Career Center must transfer \$50,000 to the adult education programs each year, regardless of their profitability.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Budgeting Highlights

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

During the course of fiscal year 2008, there were minor changes to the Career Center's total general fund budget. The Career Center uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was approximately \$7.8 million which is almost \$1 million over the original estimated revenues of \$6.9 million. There was expected to be additional grant and investment income which was not received by year end. The original and final appropriations were over actual expenditures by \$.2 million with vocational instruction comprising most of that amount. The Career Center's general fund revenues exceeded expenditures by \$1.2 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008 the Career Center had \$7.3 million invested in land, land improvements, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared with 2007 net of depreciation.

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

	Governmental Activities	
	2008	2007
Land	\$ 195,190	\$ 195,190
Land Improvements	32,253	50,591
Buildings	1,121,377	1,253,303
Furniture and Equipment	430,126	547,063
Vehicles	2,250	2,250
Totals	\$ 1,781,196	\$ 2,048,397

During fiscal year 2008, depreciation of \$.3 million exceeded the equipment acquisitions resulting in a decrease in capital assets from fiscal year 2007. See Note 6 to the basic financial statements for detail on governmental activities capital assets.

Portage Lakes Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Debt

At June 30, 2008, the Career Center had an improvement loan totaling \$366,668 with \$33,333 due within one year. Table 5 summarizes the Career Center's outstanding debt.

(Table 5)
Outstanding Debt at June 30

	<u>2008</u>	<u>2007</u>
Loans Payable:		
Vocation School Building Assistance	\$ 366,668	\$ 400,001

See Note 12 to the basic financial statements for detail on governmental activities outstanding debt.

Current Issues

Portage Lakes Career Center receives approximately 41% of its revenue from the State. The Career Center does receive additional revenue for being on the state guarantee. In fiscal year 2008, the revenue for the guarantee was \$947,955.91. The Career Center also receives a large amount of revenue in open enrollment from the four districts served. In fiscal year 2008, the open enrollment amount was \$425,869. Enrollment has remained steady for the past several years.

The Career Center, in turn, relies on its local property taxpayers for the four districts served. The only operating levy was passed in 1983, for 4.35 mills, on a continuing basis. There are no new proposed levies for the forecast period.

The five-year forecast projects approximately an \$11 million carryover in the general fund for the next five years. This is contingent on the state guarantee remaining in place.

The Career Center's systems of budgeting and internal controls are well regarded. All of the Career Center's financial abilities will be needed to meet the challenges of the future.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eydie Snowberger, Treasurer of Portage Lakes Career Center, 4401 Shriver Road, P.O. Box 248, Green, Ohio 44232-0248.

Portage Lakes Career Center
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 13,345,686
Cash and Cash Equivalents In Segregated Accounts	233,644
Receivables:	
Taxes	3,122,933
Accounts	1,471
Intergovernmental	7,303
Nondepreciable Capital Assets	195,190
Depreciable Capital Assets (Net)	1,586,006
<i>Total Assets</i>	18,492,233
Liabilities	
Accounts Payable	46,400
Accrued Wages and Benefits	543,280
Intergovernmental Payable	91,299
Vacation Benefits Payable	18,563
Deferred Revenue	2,787,638
Claims Payable	80,247
Long Term Liabilities:	
Due Within One Year	92,253
Due In More Than One Year	751,515
<i>Total Liabilities</i>	4,411,195
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,414,528
Restricted for:	
Capital Outlay	2,300,000
Other Purposes	1,538,921
Unrestricted	8,827,589
<i>Total Net Assets</i>	\$ 14,081,038

See accompanying notes to the basic financial statements

Portage Lakes Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 376,632	\$ 295	\$ 0	\$ (376,337)
Special	173,824	0	0	(173,824)
Vocational	3,212,624	443,515	462,112	(2,306,997)
Adult continuing	855,156	801,072	15,773	(38,311)
Other	178	0	0	(178)
Support services:				
Pupils	452,125	0	126,178	(325,947)
Instructional staff	217,080	0	5,894	(211,186)
Board of education	25,986	0	0	(25,986)
Administration	785,798	0	24,904	(760,894)
Fiscal	375,156	0	5,000	(370,156)
Operation and maintenance of plant	351,309	0	0	(351,309)
Pupil transportation	28,521	0	0	(28,521)
Central	69,484	0	0	(69,484)
Extracurricular activities	12,633	5,212	3,000	(4,421)
<i>Total Governmental Activities</i>	<u>\$ 6,936,506</u>	<u>\$ 1,250,094</u>	<u>\$ 642,861</u>	<u>(5,043,551)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	3,133,750
Grants and Entitlements not Restricted to Specific Programs	2,649,412
Gifts and Donations	27,494
Investment Earnings	538,492
Miscellaneous	27,414
	<hr/>
Total General Revenues	6,376,562
Change in Net Assets	1,333,011
Net Assets Beginning of Year	<hr/> 12,748,027
Net Assets End of Year	<u>\$ 14,081,038</u>

See accompanying notes to the basic financial statements

Portage Lakes Career Center
Balance Sheet
Governmental Funds
June 30, 2008

	General	Adult Education Programs	Replacement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 9,299,384	\$ 1,547,183	\$ 2,300,000	\$ 13,099	\$ 13,159,666
Cash and Cash Equivalents In Segregated Accounts	0	0	0	53,825	53,825
Restricted Cash	185,120	0	0	0	185,120
Receivables:					
Taxes	3,122,933	0	0	0	3,122,933
Accounts	621	850	0	0	1,471
Intergovernmental	0	2,227	0	5,076	7,303
Total Assets	\$ 12,608,058	\$ 1,550,260	\$ 2,300,000	\$ 72,000	\$ 16,530,318
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 44,353	\$ 1,947	\$ 0	\$ 100	\$ 46,400
Accrued Wages and Benefits	522,338	20,942	0	0	543,280
Intergovernmental Payable	83,498	7,801	0	0	91,299
Deferred Revenue	2,883,818	0	0	0	2,883,818
Total Liabilities	3,534,007	30,690	0	100	3,564,797
Fund Balances					
Fund Balance:					
Reserved for Encumbrances	67,697	7,883	0	667	76,247
Reserved for Property Taxes	239,115	0	0	0	239,115
Reserved for Budget Stabilization	38,707	0	0	0	38,707
Unreserved:					
Designated for Budget Stabilization	146,413	0	0	0	146,413
Undesignated, Reported in:					
General Fund	8,582,119	0	0	0	8,582,119
Special Revenue Funds	0	1,511,687	0	71,233	1,582,920
Capital Projects Funds	0	0	2,300,000	0	2,300,000
Total Fund Balances	9,074,051	1,519,570	2,300,000	71,900	12,965,521
Total Liabilities and Fund Balances	\$ 12,608,058	\$ 1,550,260	\$ 2,300,000	\$ 72,000	\$ 16,530,318

See accompanying notes to the basic financial statements

Portage Lakes Career Center
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances	\$	12,965,521
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		1,781,196
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds. Delinquent Property Taxes		96,180
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		100,472
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore, are not reported in the funds. Loans Payable		(366,668)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds. Vacation Benefits Payable Compensated Absences	\$	(18,563) <u>(477,100)</u>
		<u>(495,663)</u>
 <i>Net Assets of Governmental Activities</i>	 \$	 <u><u>14,081,038</u></u>

See accompanying notes to the basic financial statement.

Portage Lakes Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Adult Education Programs	Replacement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,098,311	\$ 0	\$ 0	\$ 0	\$ 3,098,311
Intergovernmental	2,862,271	195,259	0	233,928	3,291,458
Investment income	535,360	0	0	1,615	536,975
Tuition and fees	484,132	733,137	0	0	1,217,269
Extracurricular activities	0	0	0	5,212	5,212
Charges for services	17,025	0	0	0	17,025
Rentals	0	452	0	0	452
Gifts and donations	0	0	0	27,494	27,494
Miscellaneous	27,199	9,967	0	384	37,550
<i>Total Revenues</i>	<u>7,024,298</u>	<u>938,815</u>	<u>0</u>	<u>268,633</u>	<u>8,231,746</u>
Expenditures:					
Current:					
Instruction:					
Regular	372,640	0	0	0	372,640
Special	171,657	0	0	0	171,657
Vocational	2,918,845	0	0	48,655	2,967,500
Adult continuing	0	855,286	0	6,800	862,086
Other	178	0	0	0	178
Support services:					
Pupils	270,763	0	0	180,872	451,635
Instructional staff	204,770	0	0	11,054	215,824
Board of education	25,986	0	0	0	25,986
Administration	811,686	0	0	9,252	820,938
Fiscal	373,379	0	0	4,956	378,335
Operation and maintenance of plant	279,671	0	0	0	279,671
Pupil transportation	28,521	0	0	0	28,521
Central	69,024	0	0	0	69,024
Operation of non-instructional services:					
Extracurricular activities	2,879	0	0	9,754	12,633
Capital outlay	88,882	0	0	0	88,882
Principal retirement	0	0	0	33,333	33,333
<i>Total Expenditures</i>	<u>5,618,881</u>	<u>855,286</u>	<u>0</u>	<u>304,676</u>	<u>6,778,843</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,405,417	83,529	0	(36,043)	1,452,903
Other Financing Sources (Uses):					
Transfers in	0	50,000	150,000	38,088	238,088
Transfers out	(238,088)	0	0	0	(238,088)
<i>Total Other Financing Sources and (Uses)</i>	<u>(238,088)</u>	<u>50,000</u>	<u>150,000</u>	<u>38,088</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,167,329	133,529	150,000	2,045	1,452,903
<i>Fund balance (deficit) at beginning of year</i>	<u>7,906,722</u>	<u>1,386,041</u>	<u>2,150,000</u>	<u>69,855</u>	<u>11,512,618</u>
<i>Fund balance (deficit) at end of year</i>	<u>\$ 9,074,051</u>	<u>\$ 1,519,570</u>	<u>\$ 2,300,000</u>	<u>\$ 71,900</u>	<u>\$ 12,965,521</u>

See accompanying notes to the basic financial statements

Portage Lakes Career Center
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	1,452,903
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Current Year Depreciation	\$ (289,103)	
Capital Asset Additions	<u>21,902</u>	(267,201)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Delinquent Property Taxes		35,439
 Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Loan Principal		33,333
 Some expenses reported in the statement of activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.		
(Increase) Decrease in Compensated Absences	68,266	
(Increase) Decrease in Vacation Benefits Payable	<u>7,939</u>	76,205
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>2,332</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>1,333,011</u></u>

See accompanying notes to the basic financial statements

Portage Lakes Career Center
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 3,005,546	\$ 3,005,546	\$ 3,173,451	\$ 167,905
Intergovernmental	3,041,387	3,673,288	2,862,271	(811,017)
Investment income	400,000	600,000	535,360	(64,640)
Tuition and fees	413,298	525,575	484,132	(41,443)
Charges for Services	9,300	16,300	17,025	725
Miscellaneous	8,175	8,175	26,578	18,403
<i>Total Revenues</i>	<u>6,877,706</u>	<u>7,828,884</u>	<u>7,098,817</u>	<u>(730,067)</u>
Expenditures:				
Current				
Instruction:				
Regular	369,187	369,980	365,286	4,694
Special	169,501	169,591	167,854	1,737
Vocational	3,077,253	3,088,970	2,968,537	120,433
Other	3,300	1,800	178	1,622
Support services				
Pupils	270,537	279,042	270,353	8,689
Instructional staff	175,476	214,884	209,532	5,352
Board of education	32,651	32,651	26,419	6,232
Administration	800,902	870,422	841,192	29,230
Fiscal	405,839	410,026	388,287	21,739
Operation and maintenance of plant	440,830	401,074	375,328	25,746
Pupil transportation	45,760	39,893	34,099	5,794
Central	112,579	85,353	72,095	13,258
Extracurricular activities	2,879	2,879	2,879	0
Capital outlay	167,534	104,380	104,380	0
<i>Total Expenditures</i>	<u>6,074,228</u>	<u>6,070,945</u>	<u>5,826,419</u>	<u>244,526</u>
Excess of Revenues Over (Under) Expenditures	803,478	1,757,939	1,272,398	(485,541)
Other Financing Sources (Uses):				
Refund of prior year expenditures	676	676	30,245	29,569
Transfers out	(234,807)	(238,088)	(238,088)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(234,131)</u>	<u>(237,412)</u>	<u>(207,843)</u>	<u>29,569</u>
<i>Net Change in Fund Balance</i>	569,347	1,520,527	1,064,555	(455,972)
<i>Fund Balance (Deficit) at Beginning of Year</i>	8,123,642	8,123,642	8,123,642	0
Prior Year Encumbrances Appropriated	184,420	184,420	184,420	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 8,877,409</u>	<u>\$ 9,828,589</u>	<u>\$ 9,372,617</u>	<u>\$ (455,972)</u>

See accompanying notes to the basic financial statements

Portage Lakes Career Center
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Adult Education Programs
 For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 240,917	\$ 180,763	\$ 193,032	\$ 12,269
Tuition and fees	824,300	757,800	732,287	(25,513)
Rentals	3,000	3,000	452	(2,548)
Miscellaneous	9,200	9,200	9,967	767
<i>Total Revenues</i>	<u>1,077,417</u>	<u>950,763</u>	<u>935,738</u>	<u>(15,025)</u>
Expenditures:				
Current				
Instruction:				
Adult/Continuing	1,113,390	1,113,392	884,015	229,377
<i>Total Expenditures</i>	<u>1,113,390</u>	<u>1,113,392</u>	<u>884,015</u>	<u>229,377</u>
Excess of Revenues Over (Under) Expenditures	(35,973)	(162,629)	51,723	214,352
Other Financing Sources (Uses):				
Refund of prior year expenditures	30,000	30,000	24,647	(5,353)
Transfers in	50,000	50,000	50,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>80,000</u>	<u>80,000</u>	<u>74,647</u>	<u>(5,353)</u>
<i>Net Change in Fund Balance</i>	44,027	(82,629)	126,370	208,999
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,406,793	1,406,793	1,406,793	0
Prior Year Encumbrances Appropriated	4,197	4,197	4,197	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,455,017</u>	<u>\$ 1,328,361</u>	<u>\$ 1,537,360</u>	<u>\$ 208,999</u>

See accompanying notes to the basic financial statements

Portage Lakes Career Center

Statement of Net Assets

Proprietary Fund

June 30, 2008

	Governmental Activities - Internal Service Fund
Assets	
<i>Current</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 900
Cash and Cash Equivalents in Segregated Accounts	<u>179,819</u>
<i>Total Assets</i>	<u>180,719</u>
Liabilities	
<i>Current</i>	
Claims Payable	<u>80,247</u>
<i>Total Liabilities</i>	<u>80,247</u>
Net Assets	
Unrestricted	<u>100,472</u>
<i>Total Net Assets</i>	<u><u>\$ 100,472</u></u>

See accompanying notes to the basic financial statements

Portage Lakes Career Center
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund
Operating Revenues:	\$ 0
Operating Expenses:	0
Operating income (loss)	0
Non-Operating Revenues (Expenses):	
Interest	1,517
Other revenue	815
<i>Change in Net Assets</i>	2,332
<i>Net Assets (Deficit) Beginning of Year</i>	98,140
<i>Net Assets (Deficit) End of Year</i>	\$ 100,472

See accompanying notes to the basic financial statements

Portage Lakes Career Center
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities	<u>\$ 0</u>
Cash Flows From Non-Capital Financing Activities	
Other Non Operating Revenue	<u>815</u>
<i>Net Cash Provided By (Used For) Non-Capital Activities</i>	<u>815</u>
Cash Flows From Investing Activities	
Interest on Investments	<u>1,517</u>
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>1,517</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	2,332
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>178,387</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$ 180,719</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	<u>\$ 0</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

Portage Lakes Career Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>18,787</u>
Liabilities	
Undistributed Monies	\$ 4,884
Due to Students	<u>13,903</u>
<i>Total Liabilities</i>	<u>\$ 18,787</u>

See accompanying notes to the basic financial statements

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Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 - Description of the Career Center and Reporting Entity

The Portage Lakes Joint Vocational School also known as the Portage Lakes Career Center (the “Career Center”) is a vocational high school.

Joint Vocational Career Centers were created by the legislature as one means by which a Career Center can meet its obligation under law to make a vocational education program available to all of its students. The Career Center has four member districts. They are: Green Local, Manchester Local, Springfield Local, and Coventry Local Schools.

The Portage Lakes Career Center’s Board of Education consists of nine board members. Each local School District is represented by two board members elected from the membership of their local board. Green Local Schools are represented by three board members. Each year the member districts elect or assign board members to represent their board on the Career Center’s board of education.

Reporting Entity

The Portage Lakes Career Center is a Career Center corporation governed by an appointed Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from 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. Based on the foregoing criteria, the Career Center has no component units.

The Career Center participates in two jointly governed organizations and one public entity risk pool. These organizations are the Northeast Ohio Network for Educational Technology, the Interval Opportunity School, and the Ohio School Boards Association Workers’ Compensation Group Rating Program. These organizations are presented in Notes 8 and 13 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the 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. The most significant of the Career Center's accounting policies are described below.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

During the 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

General Fund The general fund accounts 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.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Adult Education Programs Fund This fund accounts for transactions made in connection with adult education.

Replacement Fund This fund accounts for transactions made in connection with rebuilding, restoring or improving property which has become unfit for use.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The following is the Career Center's proprietary fund type:

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Career Center on a cost reimbursement basis. The Career Center's only internal service fund accounts for a self-insurance program for employee health benefits. As of December 2006, the Career Center ceased operating this self-funded insurance program, and beginning January 2007, the Career Center joined the Stark County Council of Governments (COG) for their health insurance consortium. The fund remains in existence until all outstanding claims are paid. See Note 8 to the basic financial statements for detail on the Career Center's risk management.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds account for student activities.

C. Measurement Focus

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

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

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or 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 the 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 an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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 a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

E. Cash and Cash Equivalents

To improve cash management, all cash received by the Career Center is pooled. Monies for all funds, including the internal service fund, are maintained in this pool. Individual fund integrity is maintained through Career Center records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statement. The School District has segregated a portion of cash balances, reported as "Cash and cash equivalents in segregated accounts" which are used for the scholarships and insurance claims.

During fiscal year 2008, investments were limited to repurchase agreements, certificates of deposit and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$536,360 which includes \$158,365 assigned from other Career Center funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$2,500. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets except land and construction in process 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 Years
Buildings	30 - 60 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 15 Years

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

G. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net assets.

H. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences" payable in the basic financial statements within the fund the employee will be paid from.

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables and accrued liabilities from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation reduced by the outstanding balances 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.

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

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

K. Fund Balance Reserves and Designation

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

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

Designated fund balance represents planned actions for monies set-aside by the Career Center for budget stabilization.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Career Center, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

M. Interfund Activity

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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

N. Estimates

The preparation of the basic 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.

O. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008.

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

P. Implementation of New Accounting Policies

For the year ended 2008, the School District has implemented GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”, GASB Statement No. 48, “*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*”, GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”, and GASB Statement No. 50, “*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*”

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, “*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*”, and GASB Statement No. 27, “*Accounting for Pensions by State and Local Governmental Employers*”, to conform with requirements of GASB Statement No. 43, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, and GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 3 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and adult education programs fund.

Net Change in Fund Balance

	General Fund	Adult Education Programs
GAAP Basis	\$ 1,167,329	\$ 133,529
Net Adjustment for Revenue Accruals	104,764	21,570
Net Adjustment for Expenditure Accruals	(95,633)	(18,899)
Adjustment for Encumbrances	(111,905)	(9,830)
Budget Basis	\$ 1,064,555	\$ 126,370

Note 4 - Deposits and Investments

State statutes classify monies held by the Career Center into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

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

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

Protection of Career Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Portage Lakes Career Center
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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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of Career Center's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Deposits At fiscal year-end, the carrying amount of the Career Center's deposits was \$7,652,459 and the bank balance was \$7,698,156. Of the bank balance:

1. \$200,000 of the bank balance was covered by depository insurance; and
2. \$7,498,156 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and 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.

Investments

Investments are reported at fair value. As of June 30, 2008, the Career Center had the following investments:

	Fair Value	Maturity 0-12 Months
Repurchase Agreement	\$ 415,000	\$ 415,000
STAROhio	5,530,658	5,530,658
Total	\$ 5,945,658	\$ 5,945,658

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center's policy is to follow State statute which is to invest funds with the highest interest rate bid.

Credit Risk: The Career Center investments during June 30, 2008 included an overnight repurchase account, and STAROhio. Its investment in STAROhio is rated AAAM by Standard and Poor's. No other investments are rated by Standard & Poor's or Moody's Investors Service, the underlying investments for the repurchases agreement are exempt.

Portage Lakes Career Center
Notes to the Basic Financial Statements
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Concentration of Credit Risk: The Career Center investment policy authorizes the Treasurer to invest a maximum of 25% of interim funds in investments allowed by State statute. At various times during the year, the Career Center's overnight repurchase account and STAROhio account exceeded more than 5% of the Career Center's investments. Of the total ending investment balance, 7% was in the Repurchase Agreement account and the remaining 93% was deposited in the STAROhio account.

Note 5 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Career Center. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2008, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory was 12.5 percent for 2007 and is 6.25 percent for 2008. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The Summit County Fiscal Officer periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 195,190	\$ 0	\$ 0	\$ 195,190
<i>Capital Assets, being depreciated:</i>				
Land Improvements	332,508	0	0	332,508
Buildings	5,277,067	0	0	5,277,067
Furniture and Equipment	1,497,293	21,902	0	1,519,195
Vehicles	22,500	0	0	22,500
	<u>7,129,368</u>	<u>21,902</u>	<u>0</u>	<u>7,151,270</u>
Total Capital Assets, being depreciated				
	7,129,368	21,902	0	7,151,270
Less Accumulated Depreciation:				
Land Improvements	(281,917)	(18,338)	0	(300,255)
Buildings	(4,023,764)	(131,926)	0	(4,155,690)
Furniture and Equipment	(950,230)	(138,839)	0	(1,089,069)
Vehicles	(20,250)	0	0	(20,250)
	<u>(5,276,161)</u>	<u>(289,103)</u>	<u>0</u>	<u>(5,565,264)</u>
Total Accumulated Depreciation				
	(5,276,161)	(289,103)	0	(5,565,264)
Total Capital Assets being depreciated, net	<u>1,853,207</u>	<u>(267,201)</u>	<u>0</u>	<u>1,586,006</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 2,048,397</u>	<u>\$ (267,201)</u>	<u>\$ 0</u>	<u>\$ 1,781,196</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction:	
Vocational	\$ 287,935
Support Services:	
Administration	305
Fiscal	265
Operation and Maintenance of Plant	<u>598</u>
Total Depreciation	<u>\$ 289,103</u>

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 7 - Receivables

Receivables at June 30, 2008, consisted of taxes and intergovernmental. 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 fiscal year guarantee of federal funds. Intergovernmental receivables consisted of \$7,303 for operating grants.

Note 8 - Risk Management

A. Property and Liability

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.

The Career Center maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

During the fiscal year, the Career Center contracted with AultComp Worker's Compensation Specialists. AultComp is a statewide, full service Managed Care Organization specializing in worker's compensation medical management. AultComp participates in the Health Partnership Program and is contracted by the state of Ohio. AultComp provides medical case management and utilization management services for workers' compensation cases as a result of injuries to employees arising out of the course and scope of employment as provided by law. AultComp is fully Utilization Review Accreditation Commission (URAC) accredited by the American Accreditation HealthCare Commission for case management. The accreditation is earned by achieving certain case management organization standards. AultComp's services as they pertain to the State of Ohio Bureau of Workers' Compensation include:

- Provision of a health care provider network;
- Treatment guidelines and utilization review to evaluate the necessity or effectiveness of medical care;
- Peer review and quality assurance;
- Procedures for sanctioning and terminating providers;
- Medical and vocational case management;
- Medical bill adjudication and payment;
- Dispute resolution;
- Provider, employer, and employee relations and educational programs;
- Health care fraud detection and applicable reporting to the State of Ohio Bureau of Workers' Compensation

C. Employee Medical Benefits

The Career Center beginning in January 2007 is a member of the Stark County Schools Council (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The Career Center accounts for the premiums paid as expenditures in the general or applicable fund.

An internal service fund continues to be reported for the outstanding activities. The claims liability of \$80,247 reported in the internal service fund at June 30, 2008 is based on the requirements of Government Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The expected liability as of June 30, 2007 was not billed to the Career Center as of June 30, 2008. Changes in the fund's claims liability amount in fiscal years 2007 and 2008 were:

		<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2008	\$	80,247	\$ 0	\$ 0	\$ 80,247
2007	\$	159,680	\$ 884,587	\$ 964,020	\$ 80,247

Note 9– 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-five days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn twenty days of vacation annually. Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 315 days. Employees shall receive severance pay equal to 25% of up to 315 accumulated for a maximum of 79 days.

Note 10- Defined Benefit Pension Plans

A. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Portage Lakes Career Center
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Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Career Center's required contributions to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$110,361, \$136,536, and \$130,596 and respectively; 49% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006. \$12,350 represents the unpaid contribution for fiscal year 2008, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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 balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC plan who become disabled are entitled only to their account balance. If a member 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, 2008, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2007 (the latest information available), the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007 and 2006 were \$431,415, \$426,883 and \$445,562, respectively; 87% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$6,115 made by the School District and \$6,759 made by the plan members.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 11 - Postemployment Benefits

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio) and to retired non-certified 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 obligations to contribute are established by the systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The District's contributions for fiscal years ended June 30, 2008, 2007 and 2006 were \$33,518, \$30,492 and \$31,826, respectively.

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

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68%. The District's contributions for the year ended June 30, 2008 were \$5,360, which equaled the required contributions for the year.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2007, the health care allocation was 3.32%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest information available), was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The District's contributions for the years ended June 30, 2008, 2007 and 2006 were \$35,371, \$43,943 and \$58,544, respectively.

Portage Lakes Career Center
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For the Fiscal Year Ended June 30, 2008

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007 (the latest information available), the minimum compensation level was established at \$35,800.

For SERS, in addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68%. The School District contributions for the year ended June 30, 2008 were \$5,360, which equaled the required contributions for the year.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

Note 12 - Long - Term Obligations

The changes in the Career Center's long-term obligations during the year consist of the following:

	Outstanding 06/30/07	Additions	Reductions	Outstanding 06/30/08	Due in One Year
Governmental Activities:					
Loan Payable:					
Vocational School Building Assistance					
Due 6/24/19 0%	\$ 400,001	\$ 0	\$ 33,333	\$ 366,668	\$ 33,333
Compensated Absences	545,366	96,213	164,479	477,100	58,920
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 945,367</u>	<u>\$ 96,213</u>	<u>\$ 197,812</u>	<u>\$ 843,768</u>	<u>\$ 92,253</u>

In 2004 the Career Center received a \$500,000 interest free loan from the Ohio School Facilities program, which was subsequently used to pay off an improvement note. The retirement of the loan will be made through the debt service fund.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Compensated Absences will be paid from the fund in which the employee is paid. In prior years, this fund has primarily been the general fund.

Principal and interest requirements to retire loans outstanding at June 30, 2008 are as follows:

Fiscal Year Ending June 30,	Loans		
	Principal	Interest	Total
2009	\$ 33,333	\$ 0	\$ 33,333
2010	33,333	0	33,333
2011	33,333	0	33,333
2012	33,333	0	33,333
2013 - 2017	166,668	0	166,668
2018 - 2019	66,668	0	66,668
Totals	<u>\$ 366,668</u>	<u>\$ 0</u>	<u>\$ 366,668</u>

Note 13 - Jointly Governed Organizations

A. Northeastern Ohio Network for Educational Technology

The Northeastern Ohio Network for Educational Technology (NEONET) is a jointly governed organization comprised of 17 School District members. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these members supports NEONET based on a per pupil charge dependent upon the software package utilized. The NEONET assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEONET is governed by a board of directors chosen from the general membership of the NEONET assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating members are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2008, the Career Center paid approximately \$13,284 to NEONET for basic service charges.

B. Interval Opportunity School

The Interval Opportunity School (the School) is a jointly governed organization made up of six area public participants. The function of the School is to provide “at risk students” with possibly a last and a better opportunity to succeed in both their academic and social maturation. Each member district pays an annual fee based on the number of students serviced by the school. The Career Center paid \$15,000 to the School in fiscal year 2008 for services. The School is governed by a Board of Directors comprised of each Superintendent from Coventry, Green and the Career Center. The Coventry Local School District serves as the fiscal agent of the School. The continued existence of the School is not dependent on the Career Center’s continued participation and no equity interest exists.

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 14 – Contingencies

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The disbursement 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, 2008.

B. Medical Claims

The Portage Lakes Career Center joined the Stark County Council of Governments (COG) for their health insurance consortium in January 2007. In December 2006, a medical claim was incurred in excess of the Career Center’s stop-loss policy by an estimated \$90,000. The stop-loss policy expired as of December 31, 2006, thus did not cover any billed claims subsequent to that date.

In February 2007, management of the Career Center had verbal discussions with representatives of the COG, in which communication lead the Career Center to believe that the COG would cover the costs in excess (\$90,000) of what the stop-loss policy would have covered and the Career Center would only be responsible for the amount up to the aforementioned policy (\$45,000). This amount is reported as part of claims liability in the Self Insurance internal service fund. As of June 30, 2008, the COG’s stance is that this excess amount would not be covered and will be billed to the Career Center for this amount to be reimbursed for settling the claim in full. As of the date of the balance sheet, this billing has not been submitted to the Career Center. Attempted clarification with the COG on whether the Career Center will in fact be held responsible for the balance of the medical claim has gone unresolved. Although a potential claim liability can be estimated as of the balance sheet date, it’s undeterminable as to whether it is probable, which would result in recording a liability under GAAP.

Note 15 - Interfund Transfers

Transfers made during fiscal year 2008 were as follows:

Funds	Transfer In	Transfer Out
General Fund	\$ 0	\$ 238,088
Adult Education Programs	150,000	0
Replacement Fund	50,000	0
Other Nonmajor Governmental Funds	38,088	0
Total	<u>\$ 238,088</u>	<u>\$ 238,088</u>

Portage Lakes Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Transfers are primarily used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 16 - Set-Asides

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

Effective April 10, 2001, Senate Bill 345, eliminated the requirement that the Career Center establish and maintain a budget stabilization reserve. The monies which do not represent the Bureau of Workers Compensation (BWC) refunds may be left in the budget reserve set-aside, or returned to the general fund and used at the discretion of the of the Career Center's Board of Education.

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization	Capital Improvement	Textbooks Instructional Materials	Totals
Set-Aside Carry Over Balance as of June 30, 2007	\$ 185,120	\$ 0	\$ (191,504)	\$ (6,384)
Current Year Set-Aside Requirement	0	56,979	56,979	113,958
Qualifying Disbursements	0	(233,839)	(98,538)	(332,377)
Total	\$ 185,120	\$ (176,860)	\$ (233,063)	\$ 185,120
Balance Carried Forward FY 2008	\$ 185,120	\$ 0	\$ (233,063)	\$ (47,943)
Amount to Restrict for Set-Asides				\$ 185,120
Amount to Set-Aside				\$ 185,120

The Career Center had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-asides. The total reserve balance for the set-asides at the end of the fiscal year was \$185,120. Of the \$185,120, \$38,707 represents BWC refunds which are reported as a reserve fund balance. The remaining amount of \$146,413 is reported as a designated for budget stabilization.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

October 17, 2008

To the Board of Education
Portage Lakes Career Center
Summit County, Ohio
4401 Shriver Road
Green, OH 44232

INDEPENDENT AUDITOR'S 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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Portage Lakes Career Center as of and for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Portage Lakes Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the 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 entity'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 entity's financial statements 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 a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Portage Lakes Career Center, Summit County, Ohio

Internal Control-Compliance Report

Page 2

Our consideration of the 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 Portage Lakes 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*.

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

Rea & Associates, Inc.



October 17, 2008

The Board of Education
Portage Lakes Career Center
4401 Shriver Road
Green, OH 44232

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of the Portage Lakes 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, 2008. Portage Lakes Career Center's major federal program is identified in the summary of auditor's 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 Portage Lakes Career Center's management. Our responsibility is to express an opinion on Portage Lakes Career Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 Circulars 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 Portage Lakes 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 Portage Lakes Career Center's compliance with those requirements.

In our opinion, Portage Lakes 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, 2008. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Portage Lakes 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 Portage Lakes 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 Portage Lakes 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 and use of the Board of Education, management and 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.

Hea & Associates, Inc.

PORTAGE LAKES CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
U. S. Department of Education (Direct)				
<i>Student Federal Assistance Cluster:</i>				
Federal Pell Grant Program Admin. Allowance	84.063	N/A	\$ 245	\$ 245
Federal Pell Grant Program	84.063	N/A	138,871	138,871
Total Federal Pell Grant Program			<u>139,116</u>	<u>139,116</u>
Federal Family Education Loans	84.032	N/A	315,597	315,597
Total Federal Family Education Loans			<u>315,597</u>	<u>315,597</u>
Total Student Financial Assistance Cluster			<u>454,713</u>	<u>454,713</u>
(Passed Through Ohio Department of Education):				
Safe and Drug-Free Schools and Communities	84.186	2008	1,047	1,047
Total Safe and Drug-Free Schools and Communities			<u>1,047</u>	<u>1,047</u>
Title II-A	84.367	2007	957	1,319
Title II-A	84.367	2008	2,867	2,782
Total Title II-A			<u>3,824</u>	<u>4,101</u>
Title V	84.298	2008	1,256	1,256
Total Title V			<u>1,256</u>	<u>1,256</u>
Carl D. Perkins Vocational Education	84.048	2008	24,904	29,794
Carl D. Perkins Vocational Education	84.048	2007	-	4,166
Carl D. Perkins Vocational Education	84.048	2008	125,132	125,132
Carl D. Perkins Vocational Education	84.048	2007	-	3,873
Carl D. Perkins Vocational Education	84.048	2008	60,576	60,762
Total Carl D. Perkins Vocational Education			<u>210,612</u>	<u>223,727</u>
Total Federal Assistance:			<u>671,452</u>	<u>684,844</u>

PORTAGE LAKES CAREER CENTER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Career Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 – OUTSTANDING LOANS

The Career Center does not make Federal Family Education Loans (FFELs). For the fiscal year 2007 - 2008, the Career Center certified need for \$315,597 in Guaranteed Student Loans and Supplemental Loans. The amount presented represents the value of new FFELs awarded during the fiscal year as follows:

Federal Stafford Loans	\$ 189,074
Federal Unsubsidized Stafford Loans	<u>126,523</u>
Total FFELs	<u>\$ 315,597</u>

**PORTAGE LAKES CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any significant deficiencies or material weaknesses reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Carl D. Perkins Vocational Education CFDA # 84.048
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



Mary Taylor, CPA
Auditor of State

PORTAGE LAKES CAREER CENTER

SUMMIT 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
DECEMBER 2, 2008**