

Mary Taylor, CPA
Auditor of State

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

To the Board of Education:

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Delaware Area Career Center, Delaware County, Ohio (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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware Area Career Center, Delaware County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2009, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Career Center's basic financial statements. The federal awards receipts and expenditures schedule is 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. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

January 9, 2009

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(unaudited)**

The management's discussion and analysis of the Delaware Area Career Center's (the "Career Center") 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 financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets increased \$3,409,625. Net assets of governmental activities increased \$3,269,058, which represents a 14.76% increase from 2007. Net assets of business-type activities increased \$140,567 or 275.90% from 2007.
- Governmental activities' general revenues accounted for \$15,049,070 in revenue or 83.09% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,062,932 or 16.91% of total revenues of \$18,112,002.
- The Career Center had \$14,430,444 in expenses related to governmental activities; only \$3,062,932 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,049,070 were adequate to provide for these programs.
- The Career Center had \$992,768 in expenses related to business-type activities; \$720,835 of these expenses was offset by program specific charges for services and grants and contributions. Program revenues supporting business-type activities of \$720,835 were not adequate to support these programs, which was the reason for the transfer from the general fund.
- The Career Center's major governmental funds are the general fund and permanent improvement fund. The general fund had \$15,249,339 in revenues and \$13,733,999 in expenditures and other financing uses. The general fund's fund balance increased \$1,515,340 from \$9,774,588 to \$11,289,928.
- The permanent improvement fund had \$1,262,814 in revenues and other financing sources and \$1,690,078 in expenditures. The permanent improvement fund's fund balance decreased \$427,264 from \$1,263,017 to \$835,753.

Using the Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

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. The fund financial statements also look at the Career Center's most significant funds with all other non-major funds presented in total in one column. In the case of the Career Center, the general fund and permanent improvement fund are by far the most significant funds and the only governmental funds reported as major 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 2008?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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 restricting revenue growth, facility conditions, required educational programs and other factors.

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

Governmental Activities - Most of the Career Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities - These services are provided on charges for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Career Center's adult education program is reported as business activities.

The Career Center's statement of net assets and statement of activities can be found on pages 15-17 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 10. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of 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 and permanent improvement fund.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

Governmental Funds

Most 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. The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the Career Center as a whole. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 26 and 27. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 28-54 of this report.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

The Career Center as a Whole

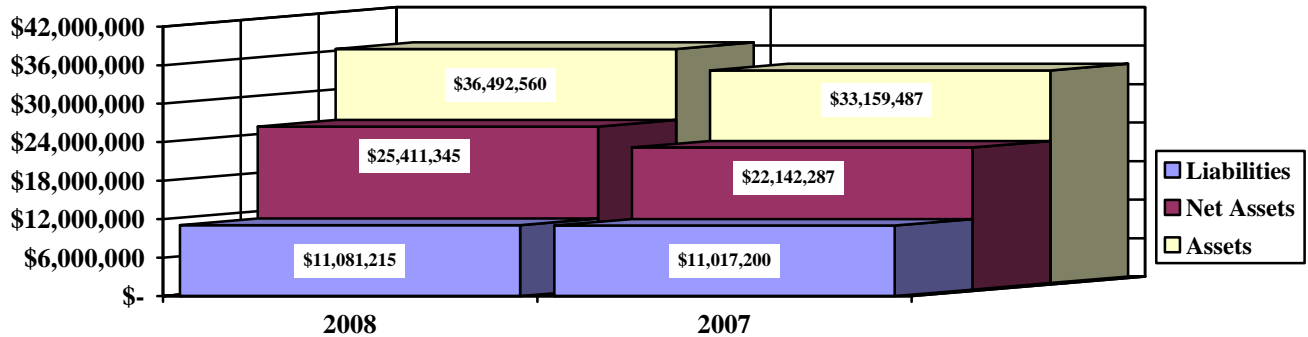
The statement of net assets provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net assets at June 30, 2008 and June 30, 2007.

Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<u>Assets</u>						
Current assets	\$ 22,677,431	\$ 21,784,999	\$ 151,416	\$ 18,537	\$ 22,828,847	\$ 21,803,536
Capital assets, net	13,815,129	11,374,488	-	-	13,815,129	11,374,488
Total assets	36,492,560	33,159,487	151,416	18,537	36,643,976	33,178,024
<u>Liabilities</u>						
Current liabilities	9,788,140	9,961,579	26,711	29,186	9,814,851	9,990,765
Long-term liabilities	1,293,075	1,055,621	35,087	40,300	1,328,162	1,095,921
Total liabilities	11,081,215	11,017,200	61,798	69,486	11,143,013	11,086,686
<u>Net Assets</u>						
Invested in capital assets, net of related debt	13,652,436	11,155,493	-	-	13,652,436	11,155,493
Restricted	1,094,829	1,611,882	-	-	1,094,829	1,611,882
Unrestricted (deficit)	10,664,080	9,374,912	89,618	(50,949)	10,753,698	9,323,963
Total net assets (deficit)	\$ 25,411,345	\$ 22,142,287	\$ 89,618	\$ (50,949)	\$ 25,500,963	\$ 22,091,338

The graphs below present the assets, liabilities and net assets of the governmental and business-type activities at June 30, 2008 and June 30, 2007.

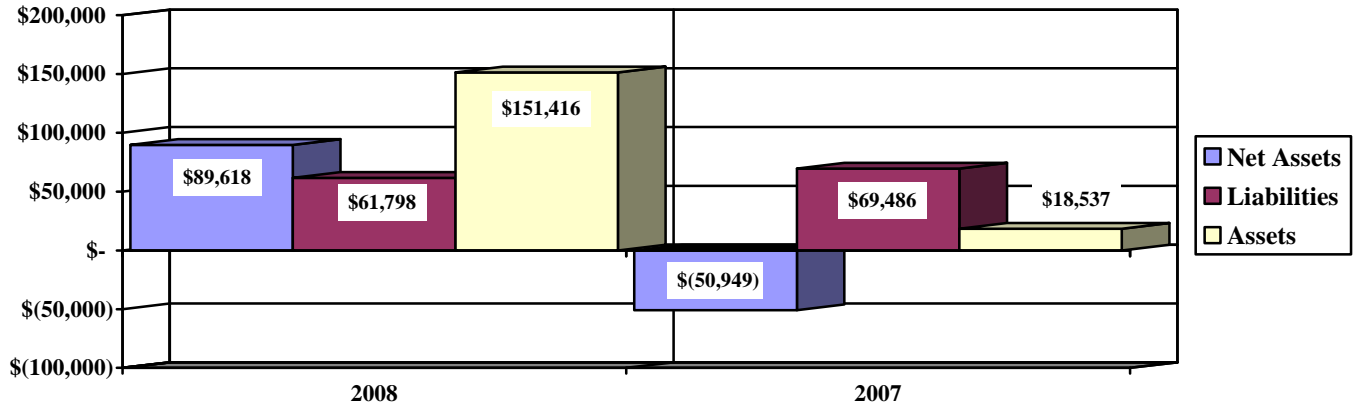
Governmental Activities - Net Assets



**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

Business-Type Activities - Net Assets



The table below shows the changes in net assets for governmental activities and business-type activities for fiscal years 2008 and 2007.

Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,933,667	\$ 1,729,803	\$ 573,704	\$ 608,710	\$ 2,507,371	\$ 2,338,513
Operating grants and contributions	1,129,265	1,221,415	147,131	159,482	1,276,396	1,380,897
General revenues:						
Property taxes	10,574,629	8,522,685	-	-	10,574,629	8,522,685
Grants and entitlements	3,866,616	3,559,903	-	-	3,866,616	3,559,903
Payment in lieu of taxes	-	1,466	-	-	-	1,466
Investment earnings	493,973	620,395	-	-	493,973	620,395
Other	113,852	74,752	-	-	113,852	74,752
Total revenues	<u>18,112,002</u>	<u>15,730,419</u>	<u>720,835</u>	<u>768,192</u>	<u>18,832,837</u>	<u>16,498,611</u>

**DELAWARE AREA CAREER CENTER
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	\$ 1,211,208	\$ 1,119,052	\$ -	\$ -	\$ 1,211,208	\$ 1,119,052
Vocational	5,759,540	5,607,676	-	-	5,759,540	5,607,676
Adult/continuing education	136,792	128,414	-	-	136,792	128,414
Support services:						
Pupil	913,942	866,200	-	-	913,942	866,200
Instructional staff	1,000,912	881,337	-	-	1,000,912	881,337
Board of Education	98,301	88,217	-	-	98,301	88,217
Administration	1,428,694	1,279,169	-	-	1,428,694	1,279,169
Fiscal	654,506	543,999	-	-	654,506	543,999
Operations and maintenance	2,009,701	1,955,812	-	-	2,009,701	1,955,812
Pupil transportation	26,180	19,444	-	-	26,180	19,444
Central	918,072	929,477	-	-	918,072	929,477
Operation of non-instructional services:						
Non-instructional services	17,252	14,696	-	-	17,252	14,696
Food service operations	219,324	193,616	-	-	219,324	193,616
Extracurricular activities	32,589	185,690	-	-	32,589	185,690
Interest and fiscal charges	3,431	10,426	-	-	3,431	10,426
Adult education	-	-	992,768	1,109,691	992,768	1,109,691
Total expenses	<u>14,430,444</u>	<u>13,823,225</u>	<u>992,768</u>	<u>1,109,691</u>	<u>15,423,212</u>	<u>14,932,916</u>
Transfers	<u>(412,500)</u>	<u>(327,000)</u>	<u>412,500</u>	<u>327,000</u>	<u>-</u>	<u>-</u>
Changes in net assets	3,269,058	1,580,194	140,567	(14,499)	3,409,625	1,565,695
Net assets at beginning of year	<u>22,142,287</u>	<u>20,562,093</u>	<u>(50,949)</u>	<u>(36,450)</u>	<u>22,091,338</u>	<u>20,525,643</u>
Net assets at end of year	<u>\$ 25,411,345</u>	<u>\$ 22,142,287</u>	<u>\$ 89,618</u>	<u>\$ (50,959)</u>	<u>\$ 25,500,963</u>	<u>\$ 22,091,338</u>

Governmental Activities

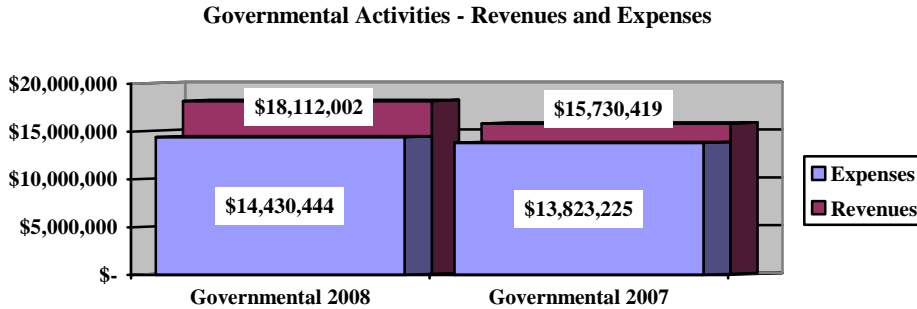
Net assets of the Career Center's governmental activities increased \$3,269,058. Total governmental expenses of \$14,430,444 were offset by program revenues of \$3,062,932 and general revenues of \$15,049,070. Program revenues supported 21.23% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 79.73% of total governmental revenue. Real estate property is reappraised every six years.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2008 and 2007.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2008 and 2007. It identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program expenses:				
Instruction:				
Regular	\$ 1,211,208	\$ 1,109,055	\$ 1,119,052	\$ 947,711
Vocational	5,759,540	3,986,860	5,607,676	3,940,702
Adult/continuing education	136,792	19,344	128,414	14,888
Support services:				
Pupil	913,942	767,807	866,200	722,675
Instructional staff	1,000,912	370,855	881,337	292,921
Board of education	98,301	98,301	88,217	88,217
Administration	1,428,694	1,422,728	1,279,169	1,272,681
Fiscal	654,506	626,252	543,999	515,009
Operations and maintenance	2,009,701	1,937,419	1,955,812	1,888,221
Pupil transportation	26,180	26,180	19,444	19,444
Central	918,072	896,190	929,477	902,599
Operation of non-instructional services:				
Non-instructional services	17,252	17,252	14,696	14,696
Food service operations	219,324	79,745	193,616	76,384
Extracurricular activities	32,589	6,093	185,690	165,433
Interest and fiscal charges	3,431	3,431	10,426	10,426
Total expenses	<u>\$ 14,430,444</u>	<u>\$ 11,367,512</u>	<u>\$ 13,823,225</u>	<u>\$ 10,872,007</u>

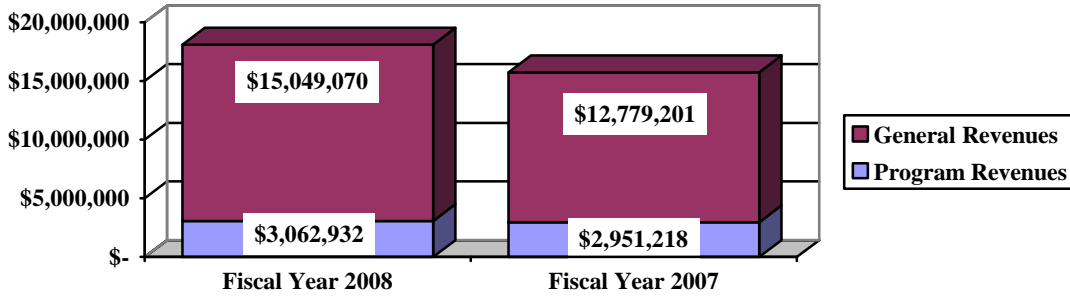
The dependence upon tax revenues during fiscal year 2008 for governmental activities is apparent, as 71.97% of fiscal year 2008 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 78.77% in fiscal year 2008. The Career Center's taxpayers as a whole, are by far the primary support for the Career Center's students.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

The graph below presents the Career Center's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues

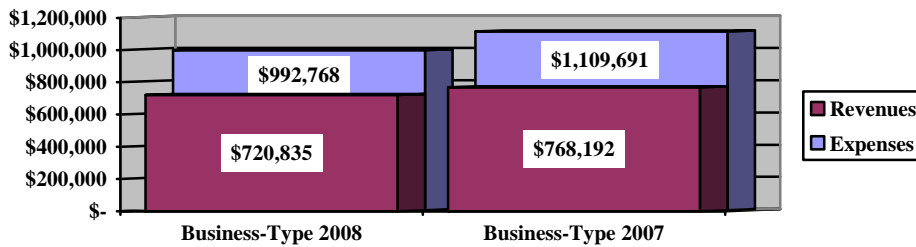


Business-Type Activities

The adult education program provides the business-type activities. This program had revenues of \$720,835 and expenses of \$992,768 for fiscal year 2008. During fiscal year 2008, the adult education program received transfers of \$412,500. The Career Center took steps to reduce expenses in the adult education program, including renegotiating vendor agreements. The Career Center's business activities receive no support from tax revenues.

The graph below presents the Career Center's business type activities revenue and expenses for fiscal years 2008 and 2007.

Business-Type Activities - Revenues and Expenses



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$12,287,738, which is above last year's total of \$11,294,757.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

The schedule below indicates the fund balance and the total change in fund balance at June 30, 2008 and June 30, 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	Increase/ <u>(Decrease)</u>
General	\$ 11,289,928	\$ 9,774,588	\$ 1,515,340
Permanent Improvement	835,753	1,263,017	(427,264)
Other Governmental	<u>162,057</u>	<u>257,152</u>	<u>(95,095)</u>
Total	<u>\$ 12,287,738</u>	<u>\$ 11,294,757</u>	<u>\$ 992,981</u>

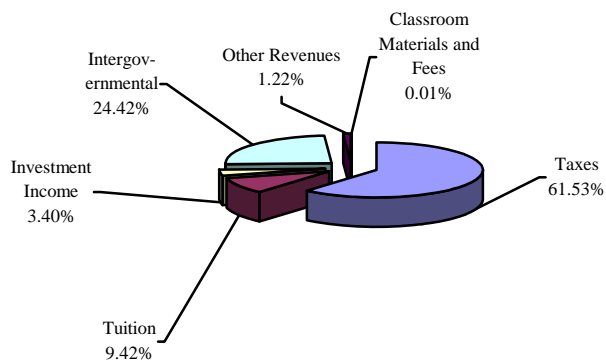
General Fund

The Career Center's general fund balance increased \$1,515,340. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

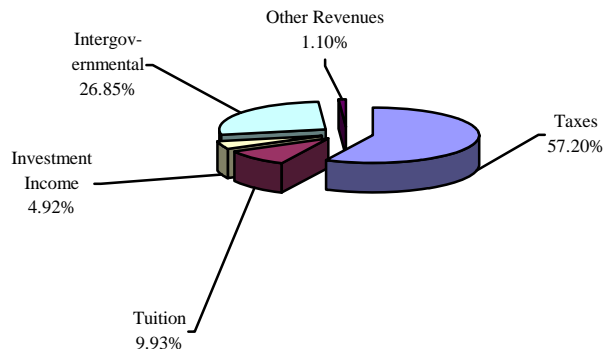
	2008 <u>Amount</u>	2007 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 9,382,238	\$ 7,435,226	\$ 1,947,012	26.19 %
Tuition	1,437,067	1,291,502	145,565	11.27 %
Earnings on investments	517,782	640,220	(122,438)	(19.12) %
Classroom materials and fees	1,784	-	1,784	100.00 %
Intergovernmental	3,724,334	3,490,609	233,725	6.70 %
Other revenues	<u>186,134</u>	<u>142,082</u>	<u>44,052</u>	31.00 %
Total	<u>\$ 15,249,339</u>	<u>\$ 12,999,639</u>	<u>\$ 2,249,700</u>	17.31 %

Overall revenues of the general fund increased 17.31%. The most significant increase was in the area of taxes. The tax revenue increase of \$1,947,012 is the result of an increase in the amount of taxes available for advance by the County. Tuition revenue increased \$145,565 or 11.27%. This increase can be attributed to an increase in open enrollment from fiscal year 2007.

Revenues - Fiscal Year 2008



Revenues - Fiscal Year 2007



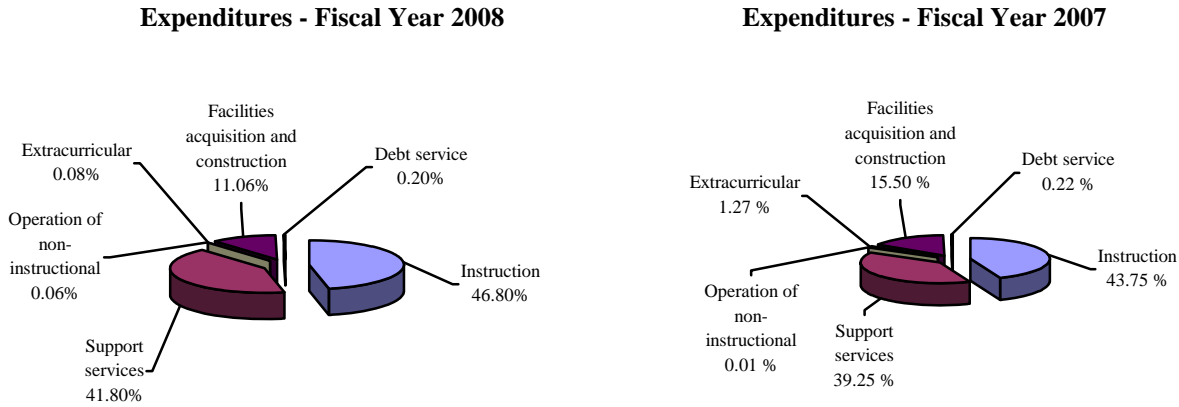
**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

The table that follows assists in illustrating the expenditures of the general fund.

<u>Expenditures</u>	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Instruction	\$ 6,205,771	\$ 5,794,652	\$ 411,119	7.09 %
Support services	5,542,732	5,198,231	344,501	6.63 %
Operation of non-instructional services	7,793	1,155	6,638	574.72 %
Extracurricular activities	10,328	167,749	(157,421)	(93.84) %
Facilities acquisition and construction	1,467,277	2,052,794	(585,517)	(28.52) %
Debt Service	26,400	28,558	(2,158)	(7.56) %
Total	<u>\$ 13,260,301</u>	<u>\$ 13,243,139</u>	<u>\$ 17,162</u>	0.13 %

Overall expenditures of the general fund increased \$17,162 or 0.13%. The increases in the areas of instructional and support services is due in large part to new programs and additional students.



Permanent Improvement Fund

The permanent improvement fund had \$1,262,814 in revenues and other financing sources and \$1,690,078 in expenditures. The permanent improvement fund's fund balance decreased \$427,264 from \$1,263,017 to \$835,753.

General Fund 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, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$14,395,932, above original budget estimates of \$14,037,470. Actual revenues and other financing sources were \$15,147,788; this was \$751,856 above final budgeted revenues and other financing sources.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

General fund original appropriations (expenditures and other financing uses) of \$16,056,911 matched exactly to the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$15,070,729, which was \$986,182 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

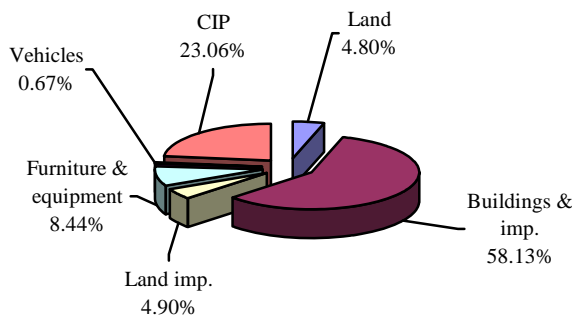
At the end of fiscal year 2008, the Career Center had \$13,815,129 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2008 balances compared to June 30, 2007:

**Capital Assets at June 30
(Net of Depreciation)**

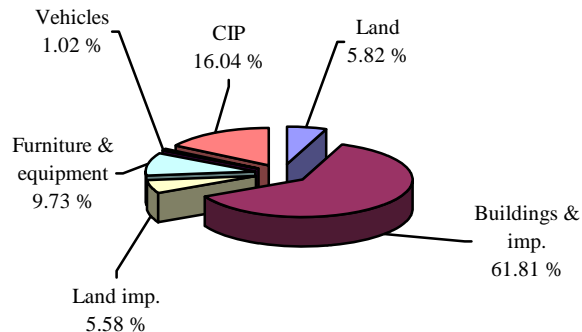
	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 662,718	\$ 662,718
Land improvements	677,468	634,321
Building and improvements	8,030,646	7,030,201
Furniture and equipment	1,165,379	1,107,072
Vehicles	93,102	115,852
Construction-in-progress	<u>3,185,816</u>	<u>1,824,324</u>
Total	<u>\$ 13,815,129</u>	<u>\$ 11,374,488</u>

The following graphs show the breakdown of governmental activities capital assets by category for fiscal years 2008 and 2007.

Capital Assets - Governmental Activities 2008



Capital Assets - Governmental Activities 2007



The overall increase in capital assets of \$2,440,641 is due to additions in the amount of \$3,065,524 exceeding depreciation expense of \$596,284 and disposals of \$28,599 (net of accumulated depreciation). See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)
(unaudited)**

Debt Administration

At June 30, 2008, the Career Center had \$149,999 in building assistance loans and \$12,694 in capital lease obligations outstanding. Of this total, \$46,028 is due within one year and \$116,665 is due within greater than one year. The following table summarizes the lease obligations and loans outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Business assistance loans	\$ 149,999	\$ 183,332
Capital lease obligations	<u>12,694</u>	<u>35,663</u>
Total	<u>\$ 162,693</u>	<u>\$ 218,995</u>

At June 30, 2008 the Career Center's overall legal debt margin was \$434,943,303 with an unvoted debt margin of \$4,831,037.

See Note 10 to the basic financial statements for additional information on the Career Center's debt administration.

Current Financial Related Activity

Currently, the Career Center is financially stable. The Career Center renewed a 1.3 mill operating levy and a 0.4 mill permanent improvement levy in November of 2006. This ten-year levy should provide funding for the Career Center to operate until 2016 (the year the levy expires). The Career Center will be negotiating a new contract with its union in the spring of 2009.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 questions about this report or need additional financial information contact Mr. Christopher H. Bell, Treasurer, Delaware Area Career Center, 4565 Columbus Pike, Delaware, Ohio 43015-8969.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 11,471,523	\$ 36,762	\$ 11,508,285
Receivables:			
Taxes	10,636,423	-	10,636,423
Accounts	231,357	87,568	318,925
Intergovernmental	202,673	24,363	227,036
Accrued interest	52,592	-	52,592
Prepayments	37,827	2,723	40,550
Materials and supplies inventory	45,036	-	45,036
Capital assets:			
Land	662,718	-	662,718
Construction in progress	3,185,816	-	3,185,816
Depreciable capital assets, net	9,966,595	-	9,966,595
Capital assets, net	<u>13,815,129</u>	<u>-</u>	<u>13,815,129</u>
Total assets	<u>36,492,560</u>	<u>151,416</u>	<u>36,643,976</u>
Liabilities:			
Accounts payable	45,642	3,286	48,928
Contracts payable	368,237	-	368,237
Accrued wages and benefits	742,961	17,436	760,397
Pension obligation payable	128,739	3,570	132,309
Intergovernmental payable	39,112	2,419	41,531
Unearned revenue	8,463,449	-	8,463,449
Long-term liabilities:			
Due within one year	165,675	8,443	174,118
Due in more than one year	1,127,400	26,644	1,154,044
Total liabilities	<u>11,081,215</u>	<u>61,798</u>	<u>11,143,013</u>
Net Assets:			
Invested in capital assets, net			
of related debt	13,652,436	-	13,652,436
Restricted for:			
Capital projects	879,682	-	879,682
Debt service	150,000	-	150,000
State funded programs	7,336	-	7,336
Federally funded programs	5,700	-	5,700
Other purposes	52,111	-	52,111
Unrestricted	<u>10,664,080</u>	<u>89,618</u>	<u>10,753,698</u>
Total net assets	<u>\$ 25,411,345</u>	<u>\$ 89,618</u>	<u>\$ 25,500,963</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY

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	Business-Type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 1,211,208	\$ 34,295	\$ 67,858	\$ (1,109,055)	\$ -	\$ (1,109,055)
Vocational	5,759,540	1,682,315	90,365	(3,986,860)	-	(3,986,860)
Adult/continuing education	136,792	-	117,448	(19,344)	-	(19,344)
Support services:						
Pupil.	913,942	-	146,135	(767,807)	-	(767,807)
Instructional staff	1,000,912	-	630,057	(370,855)	-	(370,855)
Board of education	98,301	-	-	(98,301)	-	(98,301)
Administration.	1,428,694	1,075	4,891	(1,422,728)	-	(1,422,728)
Fiscal.	654,506	-	28,254	(626,252)	-	(626,252)
Operations and maintenance	2,009,701	72,282	-	(1,937,419)	-	(1,937,419)
Pupil transportation.	26,180	-	-	(26,180)	-	(26,180)
Central	918,072	-	21,882	(896,190)	-	(896,190)
Operation of non-instructional services:						
Non-instructional services.	17,252	-	-	(17,252)	-	(17,252)
Food service operations	219,324	118,375	21,204	(79,745)	-	(79,745)
Extracurricular activities.	32,589	25,325	1,171	(6,093)	-	(6,093)
Interest and fiscal charges	3,431	-	-	(3,431)	-	(3,431)
Total governmental activities	<u>14,430,444</u>	<u>1,933,667</u>	<u>1,129,265</u>	<u>(11,367,512)</u>	<u>-</u>	<u>(11,367,512)</u>
Business-type activities:						
Adult education.	992,768	573,704	147,131	-	(271,933)	(271,933)
Total business-type activities	<u>992,768</u>	<u>573,704</u>	<u>147,131</u>	<u>-</u>	<u>(271,933)</u>	<u>(271,933)</u>
Totals	<u>\$ 15,423,212</u>	<u>\$ 2,507,371</u>	<u>\$ 1,276,396</u>	<u>(11,367,512)</u>	<u>(271,933)</u>	<u>(11,639,445)</u>
General Revenues:						
Property taxes levied for:						
General purposes				9,446,322	-	9,446,322
Capital projects.				1,128,307	-	1,128,307
Grants and entitlements not restricted to specific programs.				3,866,616	-	3,866,616
Investment earnings				493,973	-	493,973
Miscellaneous				113,852	-	113,852
Total general revenues				<u>15,049,070</u>	<u>-</u>	<u>15,049,070</u>
Transfers				(412,500)	412,500	-
Total general revenues and transfers				<u>14,636,570</u>	<u>412,500</u>	<u>15,049,070</u>
Change in net assets				3,269,058	140,567	3,409,625
Net assets (deficit) at beginning of year				<u>22,142,287</u>	<u>(50,949)</u>	<u>22,091,338</u>
Net assets at end of year				<u>\$ 25,411,345</u>	<u>\$ 89,618</u>	<u>\$ 25,500,963</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 10,097,531	\$ 951,253	\$ 373,637	\$ 11,422,421
Receivables:				
Taxes	9,321,129	1,315,294	-	10,636,423
Accounts	231,336	-	21	231,357
Intergovernmental	70,038	-	132,635	202,673
Accrued interest	52,592	-	-	52,592
Interfund loans	141,765	-	-	141,765
Prepayments	37,827	-	-	37,827
Materials and supplies inventory	44,116	-	920	45,036
Restricted assets:				
Equity in pooled cash and investments	49,102	-	-	49,102
Total assets	<u>\$ 20,045,436</u>	<u>\$ 2,266,547</u>	<u>\$ 507,213</u>	<u>\$ 22,819,196</u>
Liabilities:				
Accounts payable	\$ 36,166	\$ -	\$ 9,476	\$ 45,642
Contracts payable	28,272	339,965	-	368,237
Accrued wages and benefits	701,901	-	41,061	742,962
Compensated absences payable	68,536	-	-	68,536
Pension obligation payable	108,510	-	20,228	128,738
Intergovernmental payable	36,260	-	2,852	39,112
Interfund loans payable	-	-	141,765	141,765
Deferred revenue	359,314	43,929	129,774	533,017
Unearned revenue	7,416,549	1,046,900	-	8,463,449
Total liabilities	<u>8,755,508</u>	<u>1,430,794</u>	<u>345,156</u>	<u>10,531,458</u>
Fund Balances:				
Reserved for encumbrances	656,071	243,269	44,202	943,542
Reserved for budget stabilization	49,102	-	-	49,102
Reserved for materials and supplies inventory	44,116	-	920	45,036
Reserved for property tax unavailable for appropriation	1,592,802	224,465	-	1,817,267
Reserved for prepayments	37,827	-	-	37,827
Reserved for debt service	-	-	150,000	150,000
Unreserved, undesignated (deficit), reported in:				
General fund	8,910,010	-	-	8,910,010
Special revenue funds	-	-	(33,065)	(33,065)
Capital projects funds	-	368,019	-	368,019
Total fund balances	<u>11,289,928</u>	<u>835,753</u>	<u>162,057</u>	<u>12,287,738</u>
Total liabilities and fund balances	<u>\$ 20,045,436</u>	<u>\$ 2,266,547</u>	<u>\$ 507,213</u>	<u>\$ 22,819,196</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Total governmental fund balances		\$ 12,287,738
<i>Amounts reported for governmental activities on 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.		13,815,129
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 356,567	
Accrued interest receivable	46,676	
Intergovernmental receivable	<u>129,774</u>	
Total		533,017
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.		
Building assistance loan	(149,999)	
Compensated absences	(1,061,846)	
Capital lease obligation	<u>(12,694)</u>	
Total		<u>(1,224,539)</u>
Net assets of governmental activities		<u>\$ 25,411,345</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 9,382,238	\$ 1,119,532	\$ -	\$ 10,501,770
Tuition.	1,437,067	-	-	1,437,067
Earnings on investments.	517,782	-	-	517,782
Charges for services	-	-	118,375	118,375
Extracurricular.	-	-	26,400	26,400
Classroom materials and fees	1,784	-	65,806	67,590
Other local revenues.	186,134	-	213,174	399,308
Intergovernmental - state	3,721,843	142,282	630,295	4,494,420
Intergovernmental - federal.	2,491	-	479,659	482,150
Total revenues	15,249,339	1,261,814	1,533,709	18,044,862
Expenditures:				
Current:				
Instruction:				
Regular	1,052,382	-	99,258	1,151,640
Vocational.	5,150,898	180,230	339,097	5,670,225
Adult/continuing	2,491	-	119,725	122,216
Support Services:				
Pupil.	726,941	-	164,601	891,542
Instructional staff	332,581	-	648,796	981,377
Board of education	96,368	-	-	96,368
Administration.	1,356,869	-	5,919	1,362,788
Fiscal	598,743	22,705	28,863	650,311
Operations and maintenance.	1,511,199	-	-	1,511,199
Pupil transportation	26,180	-	-	26,180
Central.	893,851	-	21,735	915,586
Operation on non-instructional services:				
Non-instructional services.	7,793	-	-	7,793
Food service operations.	-	-	206,414	206,414
Extracurricular activities.	10,328	-	22,261	32,589
Facilities acquisition and construction	1,467,277	1,487,143	-	2,954,420
Debt service:				
Principal retirement	22,969	-	33,333	56,302
Interest and fiscal charges	3,431	-	-	3,431
Total expenditures	13,260,301	1,690,078	1,690,002	16,640,381
Excess (deficiency) of revenues over (under) expenditures.	1,989,038	(428,264)	(156,293)	1,404,481
Other financing sources (uses):				
Transfers in.	-	-	61,198	61,198
Transfers (out)	(473,698)	-	-	(473,698)
Proceeds from sale of assets	-	1,000	-	1,000
Total other financing sources (uses)	(473,698)	1,000	61,198	(411,500)
Net change in fund balances	1,515,340	(427,264)	(95,095)	992,981
Fund balances at beginning of year.	9,774,588	1,263,017	257,152	11,294,757
Fund balances at end of year	\$ 11,289,928	\$ 835,753	\$ 162,057	\$ 12,287,738

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND 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 \$ 992,981

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 3,065,524	
Current year depreciation	<u>(596,284)</u>	
Total		2,469,240

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (28,599)

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

Taxes	72,859	
Earnings on investments	(23,809)	
Intergovernmental revenue	<u>18,090</u>	
Total		67,140

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets. 56,302

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. (288,006)

Change in net assets of governmental activities \$ 3,269,058

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 8,505,936	\$ 8,726,682	\$ 9,145,735	\$ 419,053
Tuition	1,134,882	1,164,335	1,220,246	55,911
Earnings on investments	532,583	546,405	572,643	26,238
Classroom materials and fees	1,659	1,702	1,784	82
Other revenue	173,615	178,121	186,674	8,553
Intergovernmental - state	3,461,478	3,551,310	3,721,843	170,533
Intergovernmental - federal	2,317	2,377	2,491	114
Total revenues	<u>13,812,470</u>	<u>14,170,932</u>	<u>14,851,416</u>	<u>680,484</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,075,430	1,075,430	1,045,969	29,461
Vocational	5,423,595	5,423,595	5,282,696	140,899
Adult/continuing	20,000	20,000	2,491	17,509
Support services:				
Pupil	818,141	818,141	750,601	67,540
Instructional staff	332,719	332,719	324,821	7,898
Board of education	153,450	153,450	126,396	27,054
Administration	1,382,030	1,382,030	1,311,346	70,684
Fiscal	629,871	629,871	603,676	26,195
Business	75	75	-	75
Operations and maintenance	1,705,637	1,705,637	1,612,681	92,956
Pupil transportation	36,015	36,015	32,379	3,636
Central	985,177	985,177	957,050	28,127
Operation of non-instructional services	16,587	16,587	7,793	8,794
Extracurricular activities	14,031	14,031	11,585	2,446
Facilities acquisition and construction	2,597,667	2,597,667	2,310,001	287,666
Total expenditures	<u>15,190,425</u>	<u>15,190,425</u>	<u>14,379,485</u>	<u>810,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,377,955)</u>	<u>(1,019,493)</u>	<u>471,931</u>	<u>1,491,424</u>
Other financing sources (uses):				
Refund of prior year expenditure	-	-	9,724	9,724
Refund of prior year receipts	(750)	(750)	(743)	7
Transfers (out)	(502,915)	(502,915)	(478,698)	24,217
Advances in	225,000	225,000	286,648	61,648
Advances (out)	(362,821)	(362,821)	(211,803)	151,018
Total other financing sources (uses)	<u>(641,486)</u>	<u>(641,486)</u>	<u>(394,872)</u>	<u>246,614</u>
Net change in fund balance	(2,019,441)	(1,660,979)	77,059	1,738,038
Fund balance at beginning of year	7,302,536	7,302,536	7,302,536	-
Prior year encumbrances appropriated	2,044,625	2,044,625	2,044,625	-
Fund balance at end of year	<u>\$ 7,327,720</u>	<u>\$ 7,686,182</u>	<u>\$ 9,424,220</u>	<u>\$ 1,738,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008**

	Business-Type Activities - Enterprise Fund
	Adult Education
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 36,762
Receivables:	
Accounts	87,568
Intergovernmental	24,363
Prepayments	2,723
Total assets	151,416
Liabilities:	
Accounts payable.	3,286
Accrued wages and benefits	17,436
Compensated absences.	8,443
Pension obligation payable.	3,570
Intergovernmental payable	2,419
Total current liabilities	35,154
Long-term liabilities:	
Compensated absences	26,644
Total liabilities	61,798
Net assets:	
Unrestricted	89,618
Total net assets	\$ 89,618

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Business-Type Activities - Enterprise Fund
	Adult Education
Operating revenues:	
Tuition and fees.	\$ 348,223
Other	225,481
	573,704
Operating expenses:	
Personal services.	795,266
Purchased services.	110,784
Materials and supplies	75,296
Other.	11,422
	992,768
Total operating revenues	573,704
Total operating expenses.	992,768
Operating loss	(419,064)
Nonoperating revenues:	
Grants and subsidies	147,131
	147,131
Total nonoperating revenues.	147,131
Loss before transfers	(271,933)
Transfers in.	412,500
Change in net assets	140,567
Net assets (deficit) at beginning of year . .	(50,949)
Net assets at end of year.	\$ 89,618

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Business-Type Activities
	Enterprise Funds
	Adult Education
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 329,771
Cash received from other operations.	206,487
Cash payments for personal services.	(837,922)
Cash payments for contractual services	(75,608)
Cash payments for materials and supplies	(78,317)
Cash payments for other expenses	(9,258)
	(464,847)
Net cash used in operating activities	(464,847)
Cash flows from noncapital financing activities:	
Cash used in repayment of interfund loans	(74,545)
Cash received from grants and subsidies	147,915
Cash received from transfers in	412,500
	485,870
Net cash provided by noncapital financing activities	485,870
Net increase in cash and cash equivalents.	21,023
Cash and cash equivalents at beginning of year . . .	15,739
Cash and cash equivalents at end of year	\$ 36,762
	36,762
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (419,064)
Changes in assets and liabilities:	
Increase in accounts receivable	(37,446)
Increase in prepayments	(649)
Decrease in accounts payable	(818)
Decrease in accrued wages and benefits	(1,971)
Increase in intergovernmental payable	1,068
Decrease in compensated absences payable	(5,213)
Decrease in pension obligation payable	(754)
	(754)
Net cash used in operating activities	\$ (464,847)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 5,023	\$ 86,428
Receivables:		
Accounts	-	66,884
	5,023	\$ 153,312
Total assets	5,023	\$ 153,312
Liabilities:		
Accounts payable	-	\$ 474
Accrued wages and benefits	-	10,116
Pension obligation payable	-	8,051
Undistributed monies	-	9,070
Intergovernmental payable	-	71,425
Due to students	-	54,176
	-	\$ 153,312
Total liabilities	-	\$ 153,312
Net Assets:		
Held in trust for scholarships	5,023	
Total net assets	\$ 5,023	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 3,889
Total additions.	3,889
Deductions:	
Scholarships awarded	1,000
Change in net assets	2,889
Net assets at beginning of year.	2,134
Net assets at end of year	\$ 5,023

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Delaware Area Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of one representative from each of the participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established in 1972. The Career Center serves Delaware and the surrounding counties. It is staffed by 52 classified employees, 76 certified teaching personnel and 11 administrative employees who provide services to 560 students and other community members. The Career Center currently operates two instructional/administration buildings.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Career Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activity and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The Career Center has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise fund, subject to this same limitation. The Career Center has elected not to apply these FASB Statements and Interpretations. The Career Center's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic 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. For the Career Center, this includes general operations, foods service, community services, adult education and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and either (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; or (3) 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 (4) 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 upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the Career Center:

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association (TRECA)

The Career Center is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county, elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2008, the Career Center paid \$45,679 to TRECA for various services. Financial information can be obtained from Mike Carder, Director, at 100 Executive Drive, Marion, Ohio 43302.

Central Ohio Regional Professional Development Center

The Central Ohio Regional Professional Development Center (Center) is a jointly governed organization among the school districts in Delaware, Licking, Franklin, Madison, Pickaway, and Union Counties. The Center was formed to advance the State Board of Education's mission that all students can learn by creating a high performance system of education. The Center's purpose is to provide long-term ongoing meaningful professional development for all education and school support personnel. The Center is governed by a twenty-two member Board made up of representatives from the participating school districts, the business community, and three institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Hugh Garside, Southwestern City School District, 2975 Kingston Avenue, Grove City, Ohio 43123.

Work Force Preparation Regional Council of Governments (JOG)

The Work Force Preparation Regional Council of Governments is a jointly governed organization formed to apply for, administer, and deliver services in member districts pursuant to the Jobs for Ohio's Graduates (JOG) program and related, or similar, state and federal programs. The Council consists of fifteen members, three of which are representatives of the Career Center. The Career Center acts as the fiscal agent for the JOG program, processing all receipts and expenditures of the Council, which is supported by financial and in-kind contributions from its members, and from other revenue sources; including financial support received from the Center.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan ("GRP") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Ohio School Plan

The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA, and OASBO executive directors serve as ex-officio members. Four hundred and fifty educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

B. Fund Accounting

The Career Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds focus 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 is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Other governmental funds of the Career Center are used to account for (a) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; and (b) food service operations; and (c) for grants and other resources whose use is restricted to a particular purpose.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the Career Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The Career Center reports one type of proprietary fund:

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Career Center has one enterprise fund to account for adult education programs. This enterprise fund is considered a major enterprise fund.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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 statements distinguish between those activities of the Career Center that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Career Center and for each function or program of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues which are not classified as program revenues are presented as general revenues of the Career Center. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements - Fund financial statements report detailed information about the Career Center. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of 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 proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

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 fiscal year-end.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 6). 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.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the financial statements as an expense with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The specific timetable for fiscal year 2008 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Delaware County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer.

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2008.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original and final appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2008.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

F. Cash and Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2008, investments were limited to federal agency securities, U.S. Government money market, repurchase agreements and non-negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposit, are reported at cost.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2008 amounted to \$517,782 which includes \$70,865 assigned from other Career Center funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Career Center's investment account at year-end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food and non-food supplies held for resale and are expensed when used.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. The Career Center maintains a capitalization threshold of \$2,500. Donated capital assets are recorded at their fair market values as of the date received. 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 not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	25 years
Buildings and improvements	10 - 100 years
Furniture/equipment	5 - 70 years
Vehicles	6 - 10 years

I. Interfund Balances

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

J. Compensated Absences

Compensated absences of the Career Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Career Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16. The Career Center has also recorded a liability for all employees with at least 10 years of service.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee's retirement/resignation has been incurred by fiscal year-end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. 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, accrued liabilities and long-term obligations payable from proprietary funds 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 future retirement obligations 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 year. Long-term loans and leases are recognized as a liability in the fund financial statements when due.

L. Fund Balance Reserves

The Career Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, materials and supplies inventory, debt service, property taxes unavailable for appropriation and budget stabilization. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted by State statute for budget stabilization and the OECN A-Site fund (a nonmajor governmental fund).

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

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside to create a reserve for budget stabilization. See Note 16 for details.

Q. 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 adult education programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

R. Interfund Activity

Transfers between governmental and business-type 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the Career Center has implemented GASB Statement No. 45, "Accounting and Financial Reporting 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", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Career Center; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Career Center.

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
ABLE grant	\$ 193
Vocational education enhancements	75,685
Miscellaneous State grants	6,696
Able/Civics	4,132
Vocational education	34,110
Title VI	513

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the ABLE fund resulted from adjustments for accrued liabilities.

The deficit fund balances in the vocational education enhancements, miscellaneous State grants, able/civics, vocational education and title VI funds resulted from both the reporting of short-term interfund loans as a fund liability rather than as an other financing source and adjustments for accrued liabilities.

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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.

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.

Interim monies may 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 items (1) and (2) above 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 Asset Reserve of Ohio investment pool (STAR Ohio);
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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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.

A. Cash on Hand

At year-end, the Career Center had \$416 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and cash equivalents."

B. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all Career Center deposits was \$7,830,006, exclusive of the \$535,932 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$3,100,294 of the Career Center's bank balance of \$8,148,547 was exposed to custodial risk as discussed below, while \$5,048,253 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all 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.

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2008, the Career Center had the following investments and maturities:

<u>Investment type</u>	<u>Investment Maturities</u>	
	<u>Fair Value</u>	<u>6 months or less</u>
FHLMC	\$ 1,021,547	\$ 1,021,547
U.S. Government money market	2,211,835	2,211,835
Repurchase Agreement	<u>535,932</u>	<u>535,932</u>
 Total	 <u>\$ 3,769,314</u>	 <u>\$ 3,769,314</u>

The weighted average maturity of investments is 0.08 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Career Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Career Center's investments in federal agency securities and the federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market was rated AAAM by Standard & Poor's.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Career Center's name. Of the Career Center's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the Career Center. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLMC	\$ 1,021,547	27.10
U.S. Government money market	2,211,835	58.68
Repurchase agreement	<u>535,932</u>	<u>14.22</u>
 Total	 <u>\$ 3,769,314</u>	 <u>100.00</u>

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 7,830,006
Investments	3,769,314
Cash on hand	<u>416</u>
Total	<u>\$ 11,599,736</u>
 <u>Cash and cash equivalents per statement of net assets</u>	
Governmental activities	\$ 11,471,523
Business type activities	36,762
Private-purpose trust	5,023
Agency funds	<u>86,428</u>
Total	<u>\$ 11,599,736</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2008, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 141,765</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenues are received.

Interfund loans between governmental funds are eliminated on the government-wide statements.

- B.** Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 61,198
Adult education fund	<u>412,500</u>
Total	<u>\$ 473,698</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. Transfers between governmental funds and business-type funds are reported as transfers on the statement of activities.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

All transfers made in fiscal year 2008 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5704.16.

NOTE 6 - 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 area. Real property tax revenue received in calendar year 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 year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 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, 2007, on the value as of December 31, 2006. Tangible personal property tax is being phased out. For 2007, tangible personal property is assessed at 12.5% for property including inventory. This percentage was reduced to 6.25% for 2008 and 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 Career Center 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 Career Center due to the phasing out of the tax. In calendar years 2008-2010, the Career Center will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The Career Center receives property taxes from Delaware County, Franklin County, Morrow County, Union County and Marion County. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, 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.

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2008 was \$1,592,802 in the general fund and \$224,465 in the permanent improvement fund. These amounts have been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$1,356,299 in the general fund and \$192,727 in the permanent improvement fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 4,527,629,074	94.77	\$ 4,721,669,794	96.27
Public utility personal	129,718,300	2.72	112,977,280	2.30
Tangible personal property	<u>120,265,659</u>	<u>2.51</u>	<u>70,028,771</u>	<u>1.43</u>
Total	<u>\$ 4,777,613,033</u>	<u>100.00</u>	<u>\$ 4,904,675,845</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$3.20		\$3.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities	
Taxes	\$ 10,636,423
Accounts	231,357
Intergovernmental	202,673
Accrued interest	52,592
Business-type activities	
Accounts	87,568
Intergovernmental	<u>24,363</u>
Total receivables	<u>\$ 11,234,976</u>

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 7 - RECEIVABLES - (Continued)

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected the within subsequent year.

NOTE 8 - CAPITAL ASSETS

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

	Balance <u>06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/08</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 662,718	\$ -	\$ -	\$ 662,718
Construction in progress	<u>1,824,324</u>	<u>1,361,492</u>	<u>-</u>	<u>3,185,816</u>
Total capital assets, not being depreciated	<u>2,487,042</u>	<u>1,361,492</u>	<u>-</u>	<u>3,848,534</u>
Capital assets, being depreciated:				
Land improvements	750,632	70,409	-	821,041
Building/improvements	8,995,013	1,235,816	-	10,230,829
Furniture/equipment	2,435,832	397,807	(52,397)	2,781,242
Vehicles	<u>288,928</u>	<u>-</u>	<u>-</u>	<u>288,928</u>
Total capital assets, being depreciated	<u>12,470,405</u>	<u>1,704,032</u>	<u>(52,397)</u>	<u>14,122,040</u>
Less: accumulated depreciation:				
Land improvements	(116,311)	(27,262)	-	(143,573)
Building/improvements	(1,964,812)	(235,371)	-	(2,200,183)
Furniture/equipment	(1,328,760)	(310,901)	23,798	(1,615,863)
Vehicles	<u>(173,076)</u>	<u>(22,750)</u>	<u>-</u>	<u>(195,826)</u>
Total accumulated depreciation	<u>(3,582,959)</u>	<u>(596,284)</u>	<u>23,798</u>	<u>(4,155,445)</u>
Governmental activities capital assets, net	<u>\$ 11,374,488</u>	<u>\$ 2,469,240</u>	<u>\$ (28,599)</u>	<u>\$ 13,815,129</u>

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 26,643
Vocational	455,255
Adult/continuing education	6,880
Support Services:	
Pupil	3,739
Instructional staff	6,718
Board of education	1,933
Administration	9,769
Operations and maintenance of plant	52,860
Central	10,118
Non-instructional	9,459
Food service operations	<u>12,910</u>
Total depreciation expense	<u>\$ 596,284</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During prior fiscal years, the Career Center entered into capital lease agreements for the acquisition of computer equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consisting of computer equipment have been capitalized in the amount of \$81,244. This amount represents the present value of the future minimum lease payments at the time of acquisition. The capital assets were fully depreciated as of June 30, 2008.

A corresponding liability is recorded in the government-wide financial statements. Principal payments in the 2008 fiscal year totaled \$22,969. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2008:

<u>Year Ending June 30,</u>	<u>Equipment</u>
2009	<u>\$ 13,199</u>
Total minimum lease payment	13,199
Less: amount representing interest	<u>(505)</u>
Present value of minimum lease payments	<u>\$ 12,694</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS

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

	Balance <u>06/30/07</u>	Additions	Reductions	Balance <u>06/30/08</u>	Amounts Due in One Year
Governmental activities					
Compensated absences	\$ 836,626	\$ 408,189	\$ (114,433)	\$ 1,130,382	\$ 119,647
Building assistance loan	183,332	-	(33,333)	149,999	33,334
Capital lease obligation	<u>35,663</u>	<u>-</u>	<u>(22,969)</u>	<u>12,694</u>	<u>12,694</u>
Total governmental activities long-term liabilities	<u>\$ 1,055,621</u>	<u>\$ 408,189</u>	<u>\$ (170,735)</u>	<u>\$ 1,293,075</u>	<u>\$ 165,675</u>
Business-type activities					
Compensated absences	\$ 40,300	\$ 8,443	\$ (13,656)	\$ 35,087	\$ 8,443
Total business-type activities long-term liabilities	<u>\$ 40,300</u>	<u>\$ 8,443</u>	<u>\$ (13,656)</u>	<u>\$ 35,087</u>	<u>\$ 8,443</u>

FY 1997 Business Assistance Loan - On May 19, 1997, the Career Center obtained an interest free loan, in the amount of \$500,000, for remodeling school facilities. The loan was obtained under the authority of Ohio Revised Section 3317.22, for a sixteen year period, with final maturity during fiscal year 2013. The loan is being retired through the Bond Retirement debt service fund.

Compensated absences will be paid from the fund from which the employee is paid which for the Career Center is primarily the general fund and the adult education business-type activities fund.

See Note 9 for detail on the Career Centers capital lease obligation.

- B. Principal and interest requirements to retire the building assistance and the energy conservation loans outstanding at June 30, 2008 are as follows:

Fiscal Year Ending June 30,	<u>Building Assistance Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 33,334	\$ -	\$ 33,334
2010	33,333	-	33,333
2011	33,333	-	33,333
2012	33,333	-	33,333
2013	<u>16,666</u>	<u>-</u>	<u>16,666</u>
Total	<u>\$ 149,999</u>	<u>\$ -</u>	<u>\$ 149,999</u>

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$434,943,303 (including available funds of \$150,000) and an unvoted debt margin of \$4,831,037.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

For fiscal year 2008, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool (Note 2A). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Career Center contracted with the following insurance coverage:

Coverage provided by Ohio School Plan is as follows:

Automobile Liability	\$ 2,000,000
General School Career Center Liability	
Per Occurrence	1,000,000
Total per Year	3,000,000
Buildings and Contents	27,931,681

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

**DELAWARE AREA CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation Plan

The Career Center participates in the Ohio School Board Association's Workers' Compensation Group Rating Plan (the "GRP"), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald Co. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

C. Health Care Benefits

The Career Center offers health insurance to most employees through United Health Care of Ohio. Dental insurance is offered through Delta Dental, and life insurance is offered through Jefferson Pilot. Vision insurance is offered through Vision Service Plan. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - 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 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent 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 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$239,962, \$244,249 and \$224,734, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$755,804, \$726,175, and \$705,950, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$10,303 made by the Career Center and \$24,803 made by the plan members.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$158,846, \$127,478, and \$103,746, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$17,290, \$16,609, and \$17,887, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The Career Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$58,139, \$55,860, and \$54,304, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget (non-GAAP) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis);
- (e) Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

	Net Change in Fund Balance	
	<u>General fund</u>	
Budget basis	\$	77,059
Net adjustment for revenue accruals		397,923
Net adjustment for expenditure accruals		403,177
Net adjustment for other sources/uses		(78,826)
Adjustment for encumbrances		<u>716,007</u>
GAAP basis	\$	<u>1,515,340</u>

NOTE 15 - CONTINGENCIES

A. Grants

The Career Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and a condition 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 Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

B. Litigation

The Career Center is involved in no material litigation as either plaintiff or defendant.

NOTE 16 - STATUTORY RESERVES

The Career Center is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2007	\$ (804,284)	\$ -	\$ 49,102
Current year set-aside requirement	85,587	85,587	-
Current year offsets	-	(1,087,794)	-
Qualifying disbursements	<u>(265,918)</u>	<u>(424,728)</u>	<u>-</u>
Total	<u>\$ (984,615)</u>	<u>\$ (1,426,935)</u>	<u>\$ 49,102</u>
Balance carried forward to fiscal year 2009	<u>\$ (984,615)</u>	<u>\$ -</u>	<u>\$ 49,102</u>

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 16 - STATUTORY RESERVES (Continued)

The Career Center had offsets and qualifying disbursements during the year that reduced the textbooks/instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years. Although the Career Center had offsets and qualifying disbursements during the year that reduced the capital maintenance set-aside amount below zero, these extra amounts may not be used to reduce the set-aside requirement in future fiscal years.

A schedule of the governmental fund restricted assets at June 30, 2008 follows:

Total restricted assets	\$ <u>49,102</u>
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**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>					
National School Lunch Program	10.555	\$ 22,269	\$ 2,108	\$ 22,269	\$ 2,108
UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>					
Adult Education - State Grant Program	84.002	141,921	-	108,752	-
Career and Technical Education - Basic Grants to State (Perkins IV)	84.048	302,211	-	343,111	-
Federal Pell Grant Program	84.063	2,491	-	2,491	-
Safe and Drug Free School and Communities State Grants	84.186	2,063	-	1,467	-
State Grants for Innovative Programs	84.298	1,871	-	1,784	-
Rural Education	84.358	48,067	-	45,363	-
Improving Teacher Quality State Grants	84.367	6,191	-	5,928	-
Total United States Department of Education		504,815	-	508,896	-
Total Federal Awards		\$ 527,084	\$ 2,108	\$ 531,165	\$ 2,108

The accompanying notes are an integral part of this schedule.

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – NATIONAL SCHOOL LUNCH PROGRAM

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

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



Mary Taylor, CPA

Auditor of State

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

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Delaware Area Career Center, Delaware County, Ohio (the Career Center) as of and for the year ended June 30, 2008, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Career Center's internal control will not prevent or detect a material financial statement misstatement.

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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2008-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Career Center's management in a separate letter dated January 9, 2009.

Compliance and Other Matters

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

The Career Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Career Center's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

January 9, 2009



Mary Taylor, CPA

Auditor of State

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

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

To the Board of Education:

Compliance

We have audited the compliance of Delaware Area Career Center, Delaware County, Ohio (the Career Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Career Center's major federal program. The Career Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with those requirements.

In our opinion, the Delaware Area Career Center, Delaware County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

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www.auditor.state.oh.us

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Career Center's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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.

We intend this report solely for the information and use of the management, the Board of Education, and federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

January 9, 2009

**DELAWARE AREA CAREER CENTER
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2008-001

Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the Treasurer's Office and the Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008
(Continued)**

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

FINDING NUMBER 2008-001

Significant Deficiency/Material Weakness (Continued)

The following audit adjustments were made to the June 30, 2008 financial statements and the Career Center's accounting records:

1. An adjustment of \$18,035 to reduce due from other governments reported in the adult education fund and business type activities to properly report a receivable related to the adult workforce education grant.
2. An adjustment of \$9,368 to increase accounts receivable for tuition owed to the Career Center but not received by June 30, 2008 in the adult education fund and business type activities.
3. Audit adjustment of \$168,790 to increase contracts payable in the permanent improvement fund and governmental activities to account for expenses incurred but not accrued at June 30, 2008 and to increase construction in progress in the governmental activities. In addition, the reserved for encumbrances reported in the permanent improvement fund was reduced for the same amount.

The following audit adjustments and reclassifications were inconsequential to the overall financial statements of the Career Center and were not posted to the June 30, 2008 financial statements or the Career Center's accounting records. However, the accumulation of these audit adjustments has more than an inconsequential impact on the financial statements.

1. Adjustments of \$53,548 and \$7,553 to reduce deferred revenue for delinquent taxes received in the available period in the general fund and permanent improvement fund respectively.
2. A reclassification of \$1,312 to increase intergovernmental revenue that was misposted as property & other tax revenue in the permanent improvement fund and the governmental activities.
3. An adjustment of \$6,991 to increase expenses and accounts payable in the remaining fund information for expenses incurred but not accrued at June 30, 2008.

The adjustments and reclassifications identified during the audit should be reviewed by the Treasurer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Career Center should adopt policies and procedures, including a final review of the financial statements and note disclosures by the Treasurer and the Board of Education to identify and correct errors and omissions.

Officials' Response:

The District will implement procedures to review and monitor the financial reporting process.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Mary Taylor, CPA
Auditor of State

**DELAWARE AREA CAREER CENTER
DELAWARE 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
FEBRUARY 10, 2009**