



Dave Yost • Auditor of State

**APOLLO CAREER CENTER
ALLEN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Apollo Career Center, Allen County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Apollo Career Center, Auglaize County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 17, 2014

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**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of Apollo Career Center's (the Career Center) financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Apollo Career Center's financial position.

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

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

REPORTING THE CAREER CENTER AS A WHOLE

The statement of net position and the statement of activities reflect how the Career Center did financially during fiscal year 2013. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the Career Center is divided into two types of activities:

- **Governmental Activities** - Most of the Career Center's programs and services are reported here, including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activity** - This service is provided on a charge for services basis and is intended to recover all or most of the costs of the service provided. The Career Center's adult education program is reported here.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

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

Governmental Funds - The Career Center's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The Career Center's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's operations.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Career Center's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Enterprise Fund - The Career Center's enterprise fund uses the accrual basis of accounting, the same as that used for the business-type activity on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

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

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

THE CAREER CENTER AS A WHOLE

Table 1 provides a summary of the Career Center's net position for fiscal year 2013 and fiscal year 2012:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activity		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and Other Assets	\$13,064,613	\$11,021,633	\$1,060,343	\$904,996	\$14,124,956	\$11,926,629
Capital Assets, Net	4,661,446	4,771,342	1,965,321	2,146,648	6,626,767	6,917,990
Total Assets	<u>17,726,059</u>	<u>15,792,975</u>	<u>3,025,664</u>	<u>3,051,644</u>	<u>20,751,723</u>	<u>18,844,619</u>
Liabilities:						
Current and Other Liabilities	1,180,269	918,260	146,290	137,329	1,326,559	1,055,589
Long-Term Liabilities	800,015	865,490	421,884	496,990	1,221,899	1,362,480
Total Liabilities	<u>1,980,284</u>	<u>1,783,750</u>	<u>568,174</u>	<u>634,319</u>	<u>2,548,458</u>	<u>2,418,069</u>
Deferred Inflows of Resources:	<u>4,450,908</u>	<u>3,526,734</u>			<u>4,450,908</u>	<u>3,526,734</u>
Net Position						
Net Investment in Capital Assets	4,421,447	4,504,676	1,643,303	1,744,126	6,064,750	6,248,802
Restricted	1,799,918	1,696,192			1,799,918	1,696,192
Unrestricted	5,073,502	4,281,623	814,187	673,199	5,887,689	4,954,822
Total Net Position	<u>\$11,294,867</u>	<u>\$10,482,491</u>	<u>\$2,457,490</u>	<u>\$2,417,325</u>	<u>\$13,752,357</u>	<u>\$12,899,816</u>

Overall, the Career Center's financial position improved in fiscal year 2013. For governmental activities, current and other assets increased. The Career Center cut costs to stay within actual revenues received in the fiscal year in order to have cash available for construction to start in fiscal year 2014, along with recording a receivable for a one mill property tax levy passed in May 2013. Current and other liabilities increased due to accruals for wages and matured compensated absences. Deferred inflows of resources increased from the additional receivable for property taxes. Restricted and unrestricted net position increased from the Career Center reducing expenses to stay within revenues received within fiscal year 2013 in order to have available assets for construction to begin in fiscal year 2014.

For the business-type activity, current and other assets increased. For fiscal year 2013, the Career Center stayed within actual revenues received in the fiscal year in order to have cash available for construction planned in fiscal year 2014. Long-term liabilities decreased from the retirement of regularly scheduled debt principal. As a result, total net position reflects an overall increase.

Table 2 reflects the changes in net position for fiscal year 2013 and fiscal year 2012.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activity		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$1,252,566	\$1,024,385	\$2,442,929	\$2,331,602	\$3,695,495	\$3,355,987
Operating Grants, Contributions, and Interest	2,687,560	2,717,249	376,569	434,125	3,064,129	3,151,374
Total Program Revenues	3,940,126	3,741,634	2,819,498	2,765,727	6,759,624	6,507,361
General Revenues:						
Property Taxes	3,730,004	3,477,191			3,730,004	3,477,191
Grants and Entitlements not Restricted to Specific Programs	4,151,021	4,420,618			4,151,021	4,420,618
Interest	59,684	68,993	6,480	9,085	66,164	78,078
Miscellaneous	106,421	120,536	61,559	47,305	167,980	167,841
Total General Revenues	8,047,130	8,087,338	68,039	56,390	8,115,169	8,143,728
Total Revenues	11,987,256	11,828,972	2,887,537	2,822,117	14,874,793	14,651,089
Program Expenses:						
Instruction:						
Regular	548,895	398,309			548,895	398,309
Special	225,791	268,844			225,791	268,844
Vocational	5,844,655	5,644,390			5,844,655	5,644,390
Adult/Continuing	50,627	49,245			50,627	49,245
Support Services:						
Pupils	444,483	511,062			444,483	511,062
Instructional Staff	667,286	707,123			667,286	707,123
Board of Education	56,853	51,773			56,853	51,773
Administration	764,573	765,142			764,573	765,142
Fiscal	475,439	455,289			475,439	455,289
Operation and Maintenance of Plant	1,167,044	1,246,531			1,167,044	1,246,531
Pupil Transportation	19,425	23,272			19,425	23,272
Central	599,308	440,575			599,308	440,575
Non-instructional Services	288,497	312,986			288,497	312,986
Extracurricular Activities	22,004	32,883			22,004	32,883
Adult Education			2,847,372	2,814,150	2,847,372	2,814,150
Total Expenses	11,174,880	10,907,424	2,847,372	2,814,150	14,022,252	13,721,574
Excess of Revenues Over Expenses Before Transfers	812,376	921,548	40,165	7,967	852,541	929,515
Transfers		(69,677)		69,677		
Change in Net Position	812,376	851,871	40,165	77,644	852,541	929,515
Net Position at Beginning of Year	10,482,491	9,630,620	2,417,325	2,339,681	12,899,816	11,970,301
Net Position at End of Year	\$11,294,867	\$10,482,491	\$2,457,490	\$2,417,325	\$13,752,357	\$12,899,816

For governmental activities, program revenues represented 33 percent of total receipts for fiscal year 2013 and are primarily represented by tuition, sales of goods or services developed by the various career training classes, charges for providing lunches to students, and grants for specified purposes. Charges for services increased significantly from the sale of two student-constructed homes in fiscal year 2013.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

General revenues did not change significantly. Although property taxes increased from an increase in revenues received for public utility property taxes, unrestricted grants and entitlements decreased as a result from a decrease in the tangible personal property reimbursement from \$342,883 in fiscal year 2012 to \$66,791 in fiscal year 2013.

Overall, there was an insignificant increase in expenses for governmental activities. The major program expenses are for instruction, which account for 60 percent of all governmental expenses. Costs associated with special instruction decreased from the reduction of contracted hours for two instructors and the replacement of a retired instructor with an individual at a lower per diem rate.

Other significant changes in expenses occurred in instructional staff and central support services, non-instructional services, and extracurricular activities. Instructional staff expenses decreased in fiscal year 2013 from the retirement of three instructors in fiscal year 2012 that were replaced in fiscal year 2013 with instructors at a lower per diem rate. Central costs increased from contracting for more advertising and marketing services. Expenses for non-instructional services decreased from a reduction in liabilities for accrued wages and benefits. Travel relating to national contests decreased expenses in extracurricular activities.

For the business-type activity, there was a slight increase in program revenues. Operating grants, contributions, and interest decreased principally from a decrease in state funding. Operating expenses increased slightly.

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

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction:				
Regular	\$548,895	\$398,309	\$548,895	\$396,934
Special	225,791	268,844	(166,793)	(123,740)
Vocational	5,844,655	5,644,390	2,660,451	2,657,276
Adult/Continuing	50,627	49,245	(38,759)	(60,141)
Support Services:				
Pupils	444,483	511,062	444,483	511,062
Instructional Staff	667,286	707,123	667,286	707,123
Board of Education	56,853	51,773	56,853	51,773
Administration	764,573	765,142	764,573	765,142
Fiscal	475,439	455,289	475,439	455,289
Operation and Maintenance of Plant	1,167,044	1,246,531	1,167,044	1,246,531
Pupil Transportation	19,425	23,272	19,425	23,272
Central	599,308	440,575	599,308	440,575
Non-instructional Services	288,497	312,986	14,545	61,811
Extracurricular Activities	22,004	32,883	22,004	32,883
Total Expenses	\$11,174,880	\$10,907,424	\$7,234,754	\$7,165,790

Cost of services for governmental activities were financed through user charges and grants awarded for specific programs, in the amount of \$3,940,126, or 33 percent, for fiscal year 2013. This is comparable to fiscal year 2012.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The most significant program revenues from restricted grants are associated with the special, vocational, and the adult/continuing instruction programs, along with noninstructional services. Program revenues for special, vocational, and adult/continuing instruction programs are principally received from tuition received through open enrollment and operating grants, contributions, and interest to support operations. The non-instructional services program costs were almost fully funded through user charges from cafeteria sales and state and federal subsidies.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Permanent Improvement capital projects fund. The excess of revenues over expenditures led to a 10 percent increase in fund balance in the General Fund. During fiscal year 2013, the Career Center continued to maintain cost of operations within revenues received in the fiscal year.

A receivable was recorded in the Bond Retirement debt service fund for a portion of the one mill property tax levy that was passed by the voters in May 2013. This receivable was entirely offset by deferred inflow of resources; therefore, there was no fund balance at fiscal year end.

The Permanent Improvement capital projects fund had an increase in fund balance of 22 percent as the Career Center was accumulating funds for construction to begin in fiscal year 2014.

BUSINESS-TYPE ACTIVITY FINANCIAL ANALYSIS

The Career Center's enterprise fund is the Adult Education fund. There was an increase in net position due to maintaining the cost of operations within revenues received in the fiscal year.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During fiscal year 2013, the Career Center amended its General Fund budget as needed. Changes from both the original budget to the final budget and from the final budget to actual revenues were not significant. Changes from the original budget to the final budget and from the final budget to actual expenditures were also not significant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Career Center's investment in capital assets for governmental and business-type activities as of June 30, 2013, was \$4,661,446 and \$1,965,321, respectively (net of accumulated depreciation). For further information regarding the Career Center's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2013, the Career Center's overall long-term obligations consisted of long-term loans, in the amount of \$562,017. Of this amount, \$322,018 will be repaid from the business-type activity. The Career Center's long-term obligations also include compensated absences. For further information regarding the Career Center's long-term obligations, refer to Note 15 to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

CURRENT ISSUES

In May 2013, the Career Center passed a one mill property tax levy for the construction, renovation, and maintenance of facilities. The property tax levy was passed in three parts.

The first portion of the one mill property tax levy was for .31 mills for thirty years for the sale of school improvement bonds issued by the Career Center to pay the local share of the construction project under the State of Ohio Vocational Facilities Assistance Program. For this portion of the project, the State of Ohio will contribute \$22,983,249 and the local share of the project will be \$11,638,923.

The second portion of the one mill property tax levy was for .50 mills for thirty years for the sale of school improvement bonds issued by the Career Center to pay for improvements including renovations, additions, equipment, furnishings, and site improvements. This portion of the project will be fully paid by the Career Center, in the amount of \$18,361,077.

The third portion of the property tax levy was an additional tax to enlarge, improve, and rebuild facilities including the maintenance of the classrooms for .19 mills for a period of ten years.

The Career Center has hired Garmann Miller as the architect for the project and Peck, Shaffer & Williams LLP as the construction counsel. Quandel Construction Group, Inc. was hired as the owner's agent, and Touchstone Construction as the general manager.

The total project cost is estimated at \$52,813,316. The project will take approximately three years and ground-breaking will occur in the spring of 2014.

On September 12, 2013, the Career Center issued general obligation bonds, in the amount of \$30,000,000, to pay for the local share of school construction under the State of Ohio Vocational Facilities Assistance Program along with the renovation of current buildings. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$10,380,000, \$19,435,000 and \$185,000, respectively. The bonds will be paid from a voted one mill property tax levy approved by the voters on May 7, 2013. The bonds have interest rates ranging from 2 to 37.73601 percent and will mature on December 1, 2043.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in our Career Center's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Greg Bukowski, Treasurer, Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.

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**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities	Business- Type Activity	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$8,121,305	\$894,225	\$9,015,530
Accounts Receivable	6,783	26,018	32,801
Accrued Interest Receivable	1,616		1,616
Intergovernmental Receivable	27,506	103,514	131,020
Prepaid Items	37,067	36,586	73,653
Property Taxes Receivable	4,870,336		4,870,336
Non-depreciable Capital Assets	320,294	20,914	341,208
Depreciable Capital Assets, Net	4,341,152	1,944,407	6,285,559
Total Assets	<u>17,726,059</u>	<u>3,025,664</u>	<u>20,751,723</u>
Liabilities:			
Accrued Wages and Benefits Payable	735,880	105,771	841,651
Accounts Payable	278,737	14,680	293,417
Intergovernmental Payable	143,640	25,839	169,479
Matured Compensated Absences Payable	22,012		22,012
Long-Term Liabilities:			
Due Within One Year	221,387	147,836	369,223
Due in More Than One Year	578,628	274,048	852,676
Total Liabilities	<u>1,980,284</u>	<u>568,174</u>	<u>2,548,458</u>
Deferred Inflows of Resources:			
Property Taxes	<u>4,450,908</u>		<u>4,450,908</u>
Net Position:			
Net Investment in Capital Assets	4,421,447	1,643,303	6,064,750
Restricted for:			
Capital Projects	1,694,973		1,694,973
Other Purposes	104,945		104,945
Unrestricted	5,073,502	814,187	5,887,689
Total Net Position	<u>\$11,294,867</u>	<u>\$2,457,490</u>	<u>\$13,752,357</u>

See accompanying notes to the basic financial statements.

APOLLO CAREER CENTER
ALLEN COUNTY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activity	Total
Governmental Activities:						
Instruction:						
Regular	\$548,895			(\$548,895)		(\$548,895)
Special	225,791		\$392,584	166,793		166,793
Vocational	5,844,655	\$1,110,127	2,074,077	(2,660,451)		(2,660,451)
Adult/Continuing	50,627		89,386	38,759		38,759
Support Services:						
Pupils	444,483			(444,483)		(444,483)
Instructional Staff	667,286			(667,286)		(667,286)
Board of Education	56,853			(56,853)		(56,853)
Administration	764,573			(764,573)		(764,573)
Fiscal	475,439			(475,439)		(475,439)
Operation and Maintenance of Plant	1,167,044			(1,167,044)		(1,167,044)
Pupil Transportation	19,425			(19,425)		(19,425)
Central	599,308			(599,308)		(599,308)
Non-instructional Services	288,497	142,439	131,513	(14,545)		(14,545)
Extracurricular Activities	22,004			(22,004)		(22,004)
Total Governmental Activities	<u>11,174,880</u>	<u>1,252,566</u>	<u>2,687,560</u>	<u>(7,234,754)</u>		<u>(7,234,754)</u>
Business-Type Activity:						
Adult Education	<u>2,847,372</u>	<u>2,442,929</u>	<u>376,569</u>		<u>(\$27,874)</u>	<u>(27,874)</u>
Total	<u>\$14,022,252</u>	<u>\$3,695,495</u>	<u>\$3,064,129</u>	<u>(7,234,754)</u>	<u>(27,874)</u>	<u>(7,262,628)</u>
General Revenues:						
Property Taxes Levied for:						
General Purposes				3,087,166		3,087,166
Permanent Improvement				642,838		642,838
Grants and Entitlements not Restricted to Specific Programs				4,151,021		4,151,021
Interest				59,684	6,480	66,164
Miscellaneous				106,421	61,559	167,980
Total General Revenues				<u>8,047,130</u>	<u>68,039</u>	<u>8,115,169</u>
Change in Net Position				812,376	40,165	852,541
Net Position at Beginning of Year				10,482,491	2,417,325	12,899,816
Net Position at End of Year				<u>\$11,294,867</u>	<u>\$2,457,490</u>	<u>\$13,752,357</u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$6,134,240		\$1,350,422	\$636,643	\$8,121,305
Accounts Receivable	6,593			190	6,783
Accrued Interest Receivable	1,616				1,616
Interfund Receivable	67,571				67,571
Intergovernmental Receivable	20,594			6,912	27,506
Prepaid Items	36,509			558	37,067
Property Taxes Receivable	3,153,541	881,250	659,840	175,705	4,870,336
Total Assets	<u>\$9,420,664</u>	<u>\$881,250</u>	<u>\$2,010,262</u>	<u>\$820,008</u>	<u>\$13,132,184</u>
Liabilities:					
Accrued Wages and Benefits Payable	725,749			10,131	735,880
Accounts Payable	62,295		216,442		278,737
Interfund Payable				67,571	67,571
Intergovernmental Payable	135,946			7,694	143,640
Matured Compensated Absences Payable	22,012				22,012
Total Liabilities	<u>946,002</u>		<u>216,442</u>	<u>85,396</u>	<u>1,247,840</u>
Deferred Inflows of Resources:					
Property Taxes	2,783,333	881,250	610,620	175,705	4,450,908
Unavailable Revenues	111,114		25,351		136,465
Total Deferred Inflows of Resources	<u>2,894,447</u>	<u>881,250</u>	<u>635,971</u>	<u>175,705</u>	<u>4,587,373</u>
Fund Balances:					
Non-spendable	98,509			558	99,067
Restricted			1,157,849	23,220	1,181,069
Committed				24,828	24,828
Assigned	146,500			511,773	658,273
Unassigned (Deficit)	5,335,206			(1,472)	5,333,734
Total Fund Balances	<u>5,580,215</u>		<u>1,157,849</u>	<u>558,907</u>	<u>7,296,971</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$9,420,664</u>	<u>\$881,250</u>	<u>\$2,010,262</u>	<u>\$820,008</u>	<u>\$13,132,184</u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total Governmental Fund Balances \$7,296,971

**Amounts reported for governmental activities on the
statement of net position are different because of the following:**

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported in the funds. 4,661,446

Other long-term assets are not available to pay for current
period expenditures and, therefore, are reported as
unavailable revenue in the funds.

Accounts Receivable	\$3,415	
Accrued Interest Receivable	1,359	
Delinquent Property Taxes Receivable	<u>131,691</u>	
		136,465

Some liabilities are not due and payable in the current
period and, therefore, are not reported in the funds.

Loans Payable	(239,999)	
Compensated Absences Payable	<u>(560,016)</u>	
		<u>(800,015)</u>

Net Position of Governmental Activities \$11,294,867

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total</u>
Revenues:				
Property Taxes	\$3,092,902	\$644,294		\$3,737,196
Intergovernmental	6,094,818	166,468	585,924	6,847,210
Interest	58,870		256	59,126
Tuition and Fees	698,348			698,348
Charges for Services	104,811		451,536	556,347
Miscellaneous	103,450		1,398	104,848
Total Revenues	<u>10,153,199</u>	<u>810,762</u>	<u>1,039,114</u>	<u>12,003,075</u>
Expenditures:				
Current:				
Instruction:				
Regular	349,992	175,606		525,598
Special	138,046		100,050	238,096
Vocational	5,350,384	1,391	292,624	5,644,399
Adult/Continuing			50,627	50,627
Support Services:				
Pupils	440,944			440,944
Instructional Staff	494,152	994	162,419	657,565
Board of Education	56,445			56,445
Administration	753,155	202		753,357
Fiscal	452,855	19,393		472,248
Operation and Maintenance of Plant	1,076,851			1,076,851
Pupil Transportation	18,175			18,175
Central	496,899			496,899
Non-instructional Services	960		264,974	265,934
Extracurricular Activities	22,004			22,004
Capital Outlay		379,558	5,092	384,650
Debt Service:				
Principal Retirement		26,667		26,667
Total Expenditures	<u>9,650,862</u>	<u>603,811</u>	<u>875,786</u>	<u>11,130,459</u>
Changes in Fund Balances	502,337	206,951	163,328	872,616
Fund Balances at Beginning of Year	<u>5,077,878</u>	<u>950,898</u>	<u>395,579</u>	<u>6,424,355</u>
Fund Balances at End of Year	<u><u>\$5,580,215</u></u>	<u><u>\$1,157,849</u></u>	<u><u>\$558,907</u></u>	<u><u>\$7,296,971</u></u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Changes in Fund Balances - Total Governmental Funds		\$872,616
 Amounts reported for governmental activities on the statement of activities are different because of the following:		
 Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.		
Capital Outlay - Depreciable Assets	\$163,975	
Depreciation	<u>(273,871)</u>	(109,896)
 Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent Property Taxes	(7,192)	
Intergovernmental	(9,027)	
Interest	956	
Tuition and Fees	(2,103)	
Charges for Services	(26)	
Miscellaneous	<u>1,573</u>	(15,819)
 Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
		26,667
 Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		<u>38,808</u>
Change in Net Position of Governmental Activities		<u><u>\$812,376</u></u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property Taxes	\$3,056,623	\$3,056,623	\$3,074,555	\$17,932
Intergovernmental	6,125,456	6,160,006	6,094,818	(65,188)
Interest	71,340	71,340	64,226	(7,114)
Tuition and Fees	711,524	705,524	697,868	(7,656)
Charges for Services	89,100	103,100	103,957	857
Miscellaneous	87,900	87,900	82,247	(5,653)
Total Revenues	10,141,943	10,184,493	10,117,671	(66,822)
Expenditures:				
Current:				
Instruction:				
Regular	438,100	438,100	344,842	93,258
Special	185,000	185,000	135,271	49,729
Vocational	5,237,200	5,273,143	5,379,072	(105,929)
Support Services:				
Pupils	546,000	546,000	430,306	115,694
Instructional Staff	512,910	512,910	533,132	(20,222)
Board of Education	59,000	59,000	65,499	(6,499)
Administration	798,500	798,500	745,411	53,089
Fiscal	455,000	455,000	452,519	2,481
Operation and Maintenance of Plant	1,219,000	1,219,000	1,103,823	115,177
Pupil Transportation	9,000	9,000	12,588	(3,588)
Central	438,500	438,500	501,303	(62,803)
Non-instructional Activities	2,000	2,000	960	1,040
Extracurricular Activities	28,000	28,000	27,868	132
Total Expenditures	9,928,210	9,964,153	9,732,594	231,559
Excess of Revenues Over Expenditures	213,733	220,340	385,077	164,737
Other Financing Sources (Uses):				
Other Financing Uses	(5,638,250)	(4,638,250)		4,638,250
Refund of Prior Year Receipts	(500)	(500)		500
Advances In			100,000	100,000
Advances Out	(17,000)	(17,000)	(17,000)	
Transfers In	50	50		(50)
Total Other Financing Sources (Uses)	(5,655,700)	(4,655,700)	83,000	4,738,700
Changes in Fund Balance	(5,441,967)	(4,435,360)	468,077	4,903,437
Fund Balance at Beginning of Year	4,935,909	4,935,909	4,935,909	
Prior Year Encumbrances Appropriated	563,092	563,092	563,092	
Fund Balance at End of Year	\$57,034	\$1,063,641	\$5,967,078	\$4,903,437

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF FUND NET POSITION
ENTERPRISE FUND
JUNE 30, 2013**

	<u>Adult Education</u>
Assets:	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$894,225
Accounts Receivable	26,018
Intergovernmental Receivable	103,514
Prepaid Items	36,586
Total Current Assets	<u>1,060,343</u>
Non-current Assets:	
Non-depreciable Capital Assets	20,914
Depreciable Capital Assets, Net	1,944,407
Total Non-current Assets	<u>1,965,321</u>
Total Assets	<u>3,025,664</u>
Liabilities:	
Current Liabilities:	
Accrued Wages and Benefits Payable	105,771
Accounts Payable	14,680
Intergovernmental Payable	25,839
Loans Payable	120,756
Compensated Absences Payable	27,080
Total Current Liabilities	<u>294,126</u>
Non current Liabilities:	
Loans Payable	201,262
Compensated Absences Payable	72,786
Total Long-Term Liabilities	<u>274,048</u>
Total Liabilities	<u>568,174</u>
Net Position:	
Net Investment in Capital Assets	1,643,303
Unrestricted	814,187
Total Net Position	<u><u>\$2,457,490</u></u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND
NET POSITION - ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Adult Education
Operating Revenues:	
Charges for Services	\$2,442,929
Miscellaneous	61,559
Total Operating Revenues	2,504,488
Operating Expenses:	
Personal Services	1,525,494
Fringe Benefits	354,143
Materials and Supplies	373,493
Contractual Services	412,915
Depreciation	181,327
Total Operating Expenses	2,847,372
Operating Loss	(342,884)
Non-Operating Revenues:	
Interest Revenue	6,480
Grants	376,569
Total Non-Operating Revenues	383,049
Change in Net Position	40,165
Net Position at Beginning of Year	2,417,325
Net Position at End of Year	\$2,457,490

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Adult Education
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers	\$2,408,173
Cash Received from Other Revenues	55,316
Cash Payments for Personal Services	(1,499,009)
Cash Payments for Fringe Benefits	(351,475)
Cash Payments for Materials and Supplies	(416,213)
Cash Payments for Contractual Services	(387,132)
Net Cash Used for Operating Activities	(190,340)
 Cash Flows from Noncapital Financing Activities:	
Cash Received from Grants	376,103
 Cash Flows from Capital and Related: Financing Activities:	
Cash Payments for Loan Principal	(80,504)
 Cash Flows from Investing Activities:	
Interest Revenue	6,480
Net Increase in Cash and Cash Equivalents	111,739
Cash and Cash Equivalents at Beginning of Year	782,486
Cash and Cash Equivalents at End of Year	\$894,225
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$342,884)
 Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	181,327
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(13,823)
Increase in Intergovernmental Receivable	(27,176)
Increase in Prepaid Items	(2,143)
Increase in Accrued Wages and Benefits Payable	21,087
Increase in Accounts Payable	1,774
Decrease in Intergovernmental Payable	(13,900)
Increase in Compensated Absences Payable	5,398
Net Cash Used for Operating Activities	(\$190,340)

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	<u>\$242,227</u>	<u>\$39,569</u>
Liabilities:		
Due to Students		\$38,840
Undistributed Assets		<u>729</u>
Total Liabilities		<u>\$39,569</u>
Net Position:		
Held in Trust for Scholarships	<u>\$242,227</u>	

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Additions:	
Interest	\$9,158
Gifts and Contributions	7,731
Miscellaneous	<u>14,537</u>
Total Additions	31,426
Deductions:	
Non-instructional Services	<u>39,156</u>
Change in Net Position	(7,730)
Net Position at Beginning of Year	<u>249,957</u>
Net Position at End of Year	<u><u>\$242,227</u></u>

See accompanying notes to the basic financial statements.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

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

The Career Center was established on February 12, 1973. The Career Center serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by thirty-six classified employees, seventy-one certified teaching personnel, and eleven administrators who provide services to one thousand eight hundred fifty-four students and other community members. The Career Center currently operates eight instructional buildings.

Reporting Entity

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

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Apollo Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Career Center's accounting policies.

A. Basis of Presentation

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

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net position presents the financial condition of the governmental and business-type activities of the Career Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the Career Center.

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for property taxes and related resources restricted for the acquisition, construction, or improvement of capital facilities.

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

2. Proprietary Fund

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the Career Center's only enterprise fund:

Adult Education Fund - The Adult Education enterprise fund is used to account for tuition charges and grants restricted for adult education.

3. Fiduciary Funds

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

C. Measurement Focus

1. Government-Wide Financial Statements

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

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of revenues, expenses, and change in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Career Center finances and meets the cash flow needs of its enterprise activity.

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

D. Basis of Accounting

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

1. Revenues - Exchange and Nonexchange Transactions

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

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ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

2. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Career Center did not report any deferred outflows of resources for fiscal year 2013.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources consists of property taxes and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes accrued interest, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

3. Expenses/Expenditures

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

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

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget (five-year forecast), the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

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

F. Cash and Investments

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

During fiscal year 2013, the Career Center's investments included nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, U.S. Treasury securities, mutual funds, and STAR Ohio. The Career Center's investments are reported at fair value, except for repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 was \$58,870, which included \$13,154 assigned from other Career Center funds.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments of the Career Center’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise fund are reported in both the business-type activity column on the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Career Center maintains a capitalization threshold of two thousand dollars. The Career Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Land Improvements	20 years	20 years
Buildings and Building Improvements	20 - 50 years	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	8 years

I. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans are classified as “Interfund Receivables/Payables”. Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as “Internal Balances”.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term loans are recognized as liabilities on the fund financial statements when due.

L. Net Position

Net position represents the difference between all other elements on the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations and federal and state grants. The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Career Center first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Career Center, these revenues are charges for services for adult education. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Transfers within governmental activities or within business-type activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

P. Estimates

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

3. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 61, "The Financial Reporting Entity: Omnibus", Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 65, "Items Previously Reported as Assets and Liabilities", and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62".

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements which are a type of public-public or public-private partnership. The implementation of this statement did not result in any change to the Career Center's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change to the Career Center's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the Career Center's financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the Career Center's fiscal year 2013 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets or liabilities as inflows of resources (revenues) or outflows of resources (expenses or expenditures). These changes were incorporated in the Career Center's fiscal year 2013 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and, thereby, enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to the Career Center's financial statements.

4. ACCOUNTABILITY

At June 30, 2013, the Vocational, Adult Basic Literacy Education, and Vocational Education special revenue funds had deficit fund balances of \$18, \$236, and \$1,218, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

5. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

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

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

Changes in Fund Balance	<u>General</u>
GAAP Basis	\$502,337
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2012, Received in Cash FY 2013	247,049
Accrued FY 2013, Not Yet Received in Cash	(287,897)
Expenditure Accruals:	
Accrued FY 2012, Paid in Cash FY 2013	(853,459)
Accrued FY 2013, Not Yet Paid in Cash	946,002
Change in Fair Value	5,320
Prepaid Items	2,190
Advances In	100,000
Advances Out	(17,000)
Encumbrances Outstanding at Year End (Budget Basis)	(176,465)
Budget Basis	\$468,077

6. DEPOSITS AND INVESTMENTS

Monies held by the Career Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Career Center treasury. Active monies must be maintained either as cash in the Career Center treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Interim monies held by the Career Center may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

A. Investments

As of June 30, 2013, the Career Center had the following investments.

	<u>Total</u>	<u>Less Than Six Months</u>	<u>Six Months to One Year</u>	<u>More Than One Years</u>
Repurchase Agreement	\$2,030,321	\$2,030,321		
Federal National Mortgage Association Notes	436,005	50,147		385,858
Federal Home Loan Bank Notes	410,097	410,097		
Federal Home Loan Mortgage Corporation Notes	99,721			99,721
U.S. Treasury Note	80,053		\$80,053	
Mutual Funds	46,091	46,091		
STAR Ohio	8,647	8,647		
Total	<u>\$3,110,935</u>	<u>\$2,545,303</u>	<u>\$80,053</u>	<u>\$485,579</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the Career Center. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The securities underlying the repurchase agreements (Federal National Mortgage Association Notes), Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, the Federal Home Loan Mortgage Corporation Notes, and mutual funds carry a rating of Aaa by Moodys. The Washington Mutual Investment Fund is not rated and does not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. STAR Ohio carries a rating of AAA by Standard and Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Career Center's name. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of State statute.

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

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$436,005	14.02%
Federal Home Loan Bank	410,097	13.18%
Federal Home Loan Mortgage Corporation	99,721	3.21%
U.S. Treasury	80,053	2.57%

7. RECEIVABLES

Receivables at June 30, 2013, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except interfund and property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
General Fund:	
Charges for Services	\$585
Reimbursements	20,009
Total General Fund	20,594
Special Revenue Funds:	
Food Service:	
Reimbursements	\$361
Construction:	
Reimbursements	980
Adult Basic Literacy Education:	
Grant	5,571
Total Special Revenue Funds	6,912
Total Governmental Activities	27,506
Business-Type Activity:	
Adult Education	
Tuition	62,478
Grants	34,949
Reimbursements	6,087
Total Business-Type Activity	\$103,514

**APOLLO CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

8. PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located within the area serviced by the Career Center. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2013, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2013, was \$263,868 in the General Fund and \$23,869 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2012, was \$245,521 in the General Fund and \$17,202 in the Permanent Improvement capital projects fund.

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

The assessed values upon which fiscal year 2013 taxes were collected are:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

8. PROPERTY TAXES (Continued)

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$1,557,897,060	76.06%	\$1,555,443,770	76.01%
Commercial/Industrial	399,498,230	19.51%	394,040,900	19.26%
Public Utility	90,838,050	4.43%	96,896,180	4.73%
Total Assessed Value	<u>\$2,048,233,340</u>	<u>100.00%</u>	<u>\$2,046,380,850</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.20		\$2.20	

9. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$320,294			\$320,294
Construction in Progress	48,927		(\$48,927)	
Total Non-depreciable Capital Assets	<u>369,221</u>		<u>(48,927)</u>	<u>320,294</u>
Depreciable Capital Assets:				
Land Improvements	279,207			279,207
Buildings and Building Improvements	8,050,456	\$48,682		8,099,138
Furniture, Fixtures, and Equipment	2,314,547	85,279		2,399,826
Vehicles	385,142	78,941	(2,300)	461,783
Total Depreciable Capital Assets	<u>11,029,352</u>	<u>212,902</u>	<u>(2,300)</u>	<u>11,239,954</u>
Less Accumulated Depreciation:				
Land Improvements	(204,703)	(5,371)		(210,074)
Buildings and Building Improvements	(4,751,811)	(106,339)		(4,858,150)
Furniture, Fixtures, and Equipment	(1,380,895)	(140,721)		(1,521,616)
Vehicles	(289,822)	(21,440)	2,300	(308,962)
Total Accumulated Depreciation	<u>(6,627,231)</u>	<u>(273,871)</u>	<u>2,300</u>	<u>(6,898,802)</u>
Depreciable Capital Assets, Net	<u>4,402,121</u>	<u>(60,969)</u>		<u>4,341,152</u>
Governmental Activities Capital Assets, Net	<u>4,771,342</u>	<u>(60,969)</u>	<u>(48,927)</u>	<u>4,661,446</u>
Business-Type Activity:				
Non-depreciable Capital Assets:				
Land	20,914			20,914
Depreciable Capital Assets:				
Land Improvements	416,808			416,808
Buildings and Building Improvements	2,361,448			2,361,448
Furniture, Fixtures, and Equipment	169,117			169,117
Vehicles	291,813			291,813
Total Depreciable Capital Assets	<u>3,239,186</u>			<u>3,239,186</u>
Less Accumulated Depreciation:				
Land Improvements	(122,723)	(20,842)		(143,565)
Buildings and Building Improvements	(742,131)	(119,703)		(861,834)
Furniture, Fixtures, and Equipment	(62,270)	(11,783)		(74,053)
Vehicles	(186,328)	(28,999)		(215,327)
Total Accumulated Depreciation	<u>(1,113,452)</u>	<u>(181,327)</u>		<u>(1,294,779)</u>
Depreciable Capital Assets, Net	<u>2,125,734</u>	<u>(181,327)</u>		<u>1,944,407</u>
Business-Type Activity Capital Assets, Net	<u>\$2,146,648</u>	<u>(\$181,327)</u>	<u>\$0</u>	<u>\$1,965,321</u>

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

9. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$6,622
Vocational	182,363
Support Services:	
Pupils	253
Instructional Staff	5,016
Board of Education	408
Administration	2,991
Fiscal	1,908
Operation and Maintenance of Plant	25,206
Pupil Transportation	1,250
Central	25,742
Non-instructional Services	22,112
Total Depreciation Expense	\$273,871

10. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2013, the General Fund had an interfund receivable, in the amount of \$67,571, from providing cash flow resources to other governmental funds. Of this amount, \$62,000 will not be received within one year.

11. RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Career Center contracted for the following insurance coverage.

SORSA	
Building and Contents - Replacement Cost	\$33,435,064
Automobile Liability	2,000,000
Excess Liability	10,000,000
General Liability	
Per Occurrence	2,000,000
Aggregate	4,000,000

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

In fiscal year 2013, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the ten school districts and the Allen County Educational Service Center. The Career Center pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

11. RISK MANAGEMENT (Continued)

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

12. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

The Career Center's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$744,967 and \$11,585 for the fiscal year ended June 30, 2013, \$717,159 and \$22,989 for the fiscal year ended June 30, 2012, and \$682,397 and \$24,171 for the fiscal year ended June 30, 2011. For fiscal year 2013, 88 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The contribution to STRS Ohio for the DCP for fiscal year 2013 was \$15,772 made by the Career Center and \$11,266 made by the plan members. In addition, member contributions of \$8,275 were made for fiscal year 2013 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description - The Career Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 was \$237,223, \$223,979, and \$227,004, respectively. For fiscal year 2013, 95 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2013, six of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

13. POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description - The Career Center participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The Career Center's contribution for health care for the fiscal years ended June 30, 2013, 2012, and 2011 was \$59,410, \$58,135, and \$56,361, respectively. For fiscal year 2013, 88 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. School Employees Retirement System

Plan Description - The Career Center participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, .16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2013, this amount was \$20,525. For fiscal year 2013, the Career Center paid \$18,129 in surcharge.

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

The Career Center's contribution for health care for the fiscal years ended June 30, 2013, 2012, and 2011 was \$2,897, \$9,700, and \$24,487, respectively. For fiscal year 2013, 95 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

13. POST-EMPLOYMENT BENEFITS (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2013, this actuarially required allocation was .74 percent of covered payroll. The Career Center's contribution for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 was \$13,400, \$13,227, and \$14,608, respectively. For fiscal year 2013, 95 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. The Superintendent and Treasurer are entitled to twenty-four days of vacation per year. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Teachers may accumulate sick leave up to a maximum of two hundred forty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days. Administrators and classified employees may accumulate sick leave up to a maximum of two hundred forty days and upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employee pays 12 percent of the cost of the monthly premium. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to all contract employees through Dearborn National Life Insurance Company.

15. LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during fiscal year 2013 were as follows:

	<u>Balance at 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/13</u>	<u>Within One Year</u>
Governmental Activities					
Building Assistance Loans 0%	\$266,666		\$26,667	\$239,999	\$80,000
Compensated Absences Payable	598,824	\$177,574	216,382	560,016	141,387
Total Long-Term Obligations	<u>\$865,490</u>	<u>\$177,574</u>	<u>\$243,049</u>	<u>\$800,015</u>	<u>\$221,387</u>

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

	<u>Balance at 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/13</u>	<u>Within One Year</u>
Business-Type Activity					
Building Assistance Loans 0%	\$402,522		\$80,504	\$322,018	\$120,756
Compensated Absences Payable	94,468	\$27,589	22,191	99,866	27,080
Total Long-Term Obligations	<u>\$496,990</u>	<u>\$27,589</u>	<u>\$102,695</u>	<u>\$421,884</u>	<u>\$147,836</u>

Building Assistance Loans - In January 2003, the Career Center obtained an interest-free loan for the construction of an equipment building, in the amount of \$800,000. The loan was issued for a fifteen year period with final maturity in fiscal year 2017. The loan is being retired from the Permanent Improvement capital projects fund.

In March 2002, the Career Center obtained an interest-free loan for the construction of an adult education addition, in the amount of \$1,019,779. The loan was issued for a fifteen year period with final maturity in fiscal year 2017. The loan is being retired from the Adult Education enterprise fund.

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

The Career Center's overall debt margin was \$174,985,772 with an un-voted debt margin of \$1,950,531 at June 30, 2013.

Principal requirements to retire the outstanding loans at June 30, 2013, were as follows:

<u>Fiscal year Ending June 30,</u>	<u>Governmental Activities Principal</u>	<u>Business-Type Activity Principal</u>
2014	\$80,000	\$120,756
2015	53,333	80,505
2016	53,333	80,505
2017	53,333	40,252
Total	<u>\$239,999</u>	<u>\$322,018</u>

16. SET ASIDES

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

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2013.

	<u>Capital Improvements</u>
Balance June 30, 2012	
Current Year Set Aside Requirement	\$124,109
Current Year Offsets	(124,109)
Balance June 30, 2013	<u>\$0</u>

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

17. FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Non-spendable for:				
Interfund	\$62,000			\$62,000
Prepays	36,509		\$558	37,067
Total Nonspendable	98,509		558	99,067
Restricted for:				
Capital Improvements		\$1,157,849		1,157,849
Food Service Operations			23,145	23,145
Vocational Instruction			75	75
Total Restricted		1,157,849	23,220	1,181,069
Committed for:				
Vocational Instruction			24,828	24,828
Assigned for:				
Capital Improvements			511,773	511,773
Educational Activities	1,633			1,633
Unpaid Obligations	144,867			144,867
Total Assigned	146,500		511,773	658,273
Unassigned (Deficit)	5,335,206		(1,472)	5,333,734
Total Fund Balance	\$5,580,215	\$1,157,849	\$558,907	\$7,296,971

18. JOINTLY GOVERNED ORGANIZATIONS

The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2013, the Career Center paid \$22,294 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

19. INSURANCE POOLS

A. Schools of Ohio Risk Sharing Authority

The Career Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

B. Allen County Schools Health Benefits Plan

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Schools Health Benefits Plan, 204 North Main Street, Lima, Ohio 45801.

C. Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

20. CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2013.

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

20. CONTINGENCIES (Continued)

B. Litigation

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

21. SUBSEQUENT EVENTS

A. Board of Education

Effective September 29, 2013, Ohio Revised Code Section 3311.19 changes the qualifications necessary to serve as a member of the board of education for vocational school districts. Current board members will continue until the expiration of their term.

B. Bond Issuance

On September 12, 2013, the Career Center issued general obligation bonds, in the amount of \$30,000,000, to pay for the local share of school construction under the State of Ohio Vocational Facilities Assistance Program along with the renovation of current buildings. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$10,380,000, \$19,435,000 and \$185,000, respectively. The bonds will be paid from a voted 1 mill property tax levy approved by the voters on May 7, 2013. The bonds have interest rates ranging from 2 to 37.73601 percent and will mature on December 1, 2043.

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**APOLLO CAREER CENTER
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>(Passed through Ohio Department of Education)</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$15,991		\$15,991
Cash Assistance:					
School Breakfast Program	10.553	\$20,233		\$20,233	
National School Lunch Program	10.555	108,474		108,474	
Total Child Nutrition Cluster		<u>128,707</u>	<u>15,991</u>	<u>128,707</u>	<u>15,991</u>
Total U.S. Department of Agriculture		<u>128,707</u>	<u>15,991</u>	<u>128,707</u>	<u>15,991</u>
U.S. DEPARTMENT OF EDUCATION					
<i>(Direct Programs)</i>					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063	604,119		604,119	
Federal Direct Student Loans	84.268	856,206		856,206	
Total Student Financial Assistance Cluster		<u>1,460,325</u>		<u>1,460,325</u>	
<i>(Passed through Ohio Board of Regents)</i>					
Adult Education State Grant Program	84.002	60,278		60,278	
<i>(Passed through Ohio Department of Education)</i>					
Vocational Education Basic Grants to States	84.048	112,908		112,908	
Vocational Education Basic Grants to States - Adult		<u>223,206</u>		<u>223,206</u>	
Total Vocational Education Basic Grants to States		<u>336,114</u>		<u>336,114</u>	
Improving Teacher Quality State Grants	84.367	<u>5,354</u>		<u>5,354</u>	
Total U.S. Department of Education		<u>341,468</u>		<u>341,468</u>	
Total Federal Assistance		<u>\$1,990,778</u>	<u>\$15,991</u>	<u>\$1,990,778</u>	<u>\$15,991</u>

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

**APOLLO CAREER CENTER
ALLEN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

Program regulations do not require the Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance is reported in the Schedule at the entitlement value of the commodities received and consumed. The entitlement value reported in the Schedule is determined using the Commodity Allocation Tracking System (CATS). At June 30, 2012, the Center had no significant food commodities inventory.

NOTE D - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Apollo Career Center, Allen County, (the Career Center) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated March 17, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Career Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 17, 2014



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Apollo Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Apollo Career Center's major federal program for the fiscal year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Career Center's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Apollo Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2013.

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Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dave Yost
Auditor of State

Columbus, Ohio

March 17, 2014

**APOLLO CAREER CENTER
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Independent Accountants' Report on Applying Agreed-Upon Procedure

Apollo Career Center
Allen County
3325 Shawnee Rd.
Lima, Ohio 45806

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Apollo Career Center has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on September 26, 2011 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 17, 2014

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Dave Yost • Auditor of State

APOLLO CAREER CENTER SCHOOL DISTRICT

ALLEN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 8, 2014**