

**VANTAGE CAREER CENTER  
VAN WERT COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)***

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001

**JULIE MOHR, TREASURER**





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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Board of Education  
Vantage Career Center  
818 North Franklin Street  
Van Wert, Ohio 45891

We have reviewed the independent auditor's report of the Vantage Career Center, Van Wert County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO  
Auditor of State

January 22, 2002

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**VANTAGE CAREER CENTER  
VAN WERT COUNTY, OHIO**

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## Independent Auditor's Report

Board of Education  
Vantage Career Center  
818 North Franklin Street  
Van Wert, Ohio 45891

We have audited the accompanying general purpose financial statements of the Vantage Career Center, Van Wert County, (the "Career Center") as of and for the fiscal year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vantage Career Center, Van Wert County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.  
December 19, 2001

**VANTAGE CAREER CENTER**  
**VAN WERT COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Total (Memorandum Only)	
	General	Special Revenue	Capital Projects			Enterprise	Trust and Agency	General		
								Fixed Assets		Long-Term Obligations
<b><u>ASSETS AND OTHER DEBITS</u></b>										
<b>ASSETS:</b>										
Equity in pooled cash and cash equivalents	\$1,248,377	\$209,075	\$250,273	\$96,954	\$33,015				\$1,837,694	
Receivables (net of allowances of uncollectibles):										
Property taxes - current and delinquent . . . . .	1,559,002		1,076,017						2,635,019	
Accounts . . . . .	419			54,795					55,214	
Accrued interest . . . . .	3,675								3,675	
Due from other governments . . . . .	19,676	131,935	1,881	43,931					197,423	
Interfund loans receivable . . . . .	153,190			22,300					175,490	
Prepayments . . . . .	15,587			1,680					17,267	
Materials and supplies inventory. . . . .				99,707					99,707	
<b>Restricted assets:</b>										
Equity in pooled cash and cash equivalents. . . . .	20,338								20,338	
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .				29,250			\$6,962,338		6,991,588	
<b>OTHER DEBITS:</b>										
Amount to be provided for retirement of general long-term obligations. . . . .								\$356,378	356,378	
Total assets and other debits. . . . .	\$3,020,264	\$341,010	\$1,328,171	\$348,617	\$33,015	\$6,962,338	\$356,378		\$12,389,793	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VANTAGE CAREER CENTER**  
**VAN WERT COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special	Capital	Fund Type	Fund Types	General	Long-Term	
		Revenue	Projects	Enterprise	Trust and Agency	Fixed Assets	Obligations	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>								
<b>LIABILITIES:</b>								
Accounts payable . . . . .	\$17,145	\$4,120	\$30,225	\$12,229				\$63,719
Accrued wages and benefits . . . . .	449,800	10,396		12,459				472,655
Compensated absences payable . . . . .	4,734			15,859			\$353,886	374,479
Interfund loans payable . . . . .	22,300	118,232		34,925	\$33			175,490
Pension obligation payable . . . . .	34,205	466		7,821		2,492		44,984
Deferred revenue . . . . .	1,493,049	88,603	1,058,910	3,486	28,938			2,644,048
Due to students . . . . .								28,938
Total liabilities . . . . .	2,021,233	221,817	1,089,135	86,779	28,971	356,378		3,804,313
<b>EQUITY AND OTHER CREDITS:</b>								
Investment in general fixed assets . . . . .						\$6,962,338		6,962,338
Contributed capital . . . . .				19,010				19,010
Retained earnings: unreserved . . . . .				242,828				242,828
Fund balances:								
Reserved for encumbrances . . . . .	57,074	11,805	32,312					101,191
Reserved for prepayments . . . . .	15,587							15,587
Reserved for tax revenue unavailable for appropriation . . . . .	63,164		16,477					79,641
Reserved for BWC refunds . . . . .	20,338							20,338
Unreserved-undesignated . . . . .	842,868	107,388	190,247		4,044			1,144,547
Total equity and other credits . . . . .	999,031	119,193	239,036	261,838	4,044	6,962,338		8,585,480
Total liabilities, equity and other credits . . . . .	\$3,020,264	\$341,010	\$1,328,171	\$348,617	\$33,015	\$6,962,338	\$356,378	\$12,389,793

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**VANTAGE CAREER CENTER**  
**VAN WERT COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
From local sources:					
Taxes . . . . .	\$1,800,980		\$465,528		\$2,266,508
Tuition . . . . .	280,668				280,668
Earnings on investments . . . . .	67,036				67,036
Other local revenues . . . . .	21,920	\$67,160		\$35,000	124,080
Intergovernmental - State . . . . .	2,666,717	55,791	51,477		2,773,985
Intergovernmental - Federal . . . . .	31,828	247,436			279,264
Total revenues . . . . .	<u>4,869,149</u>	<u>370,387</u>	<u>517,005</u>	<u>35,000</u>	<u>5,791,541</u>
Expenditures:					
Current:					
Instruction:					
Regular . . . . .	440,794				440,794
Vocational . . . . .	2,286,615	94,360	11,587		2,392,562
Other . . . . .		78,684			78,684
Support services:					
Pupil . . . . .	190,229	94,599			284,828
Instructional staff . . . . .	387,820	65,947	3,937		457,704
Board of Education . . . . .	96,894		206,605		303,499
Administration . . . . .	272,748	9,624			282,372
Fiscal . . . . .	157,896		13,743		171,639
Operations and maintenance . . . . .	474,200			67,123	541,323
Central . . . . .	15,158	35,758			50,916
Community services . . . . .				298	298
Extracurricular activities . . . . .	820				820
Facilities acquisition and construction . . . . .			288,938		288,938
Total expenditures . . . . .	<u>4,323,174</u>	<u>378,972</u>	<u>524,810</u>	<u>67,421</u>	<u>5,294,377</u>
Excess of revenues over (under) expenditures . . . . .	<u>545,975</u>	<u>(8,585)</u>	<u>(7,805)</u>	<u>(32,421)</u>	<u>497,164</u>
Other financing sources (uses):					
Operating transfer in . . . . .		3,980			3,980
Operating transfer out . . . . .	(3,980)				(3,980)
Total other financing sources (uses) . . . . .	<u>(3,980)</u>	<u>3,980</u>			<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>541,995</u>	<u>(4,605)</u>	<u>(7,805)</u>	<u>(32,421)</u>	<u>497,164</u>
Fund balance, July 1 . . . . .	457,036	123,798	246,841	36,465	864,140
Fund balance, June 30 . . . . .	<u>\$999,031</u>	<u>\$119,193</u>	<u>\$239,036</u>	<u>\$4,044</u>	<u>\$1,361,304</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VANTAGE CAREER CENTER**  
**VAN WERT COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>												
From local sources:												
Taxes.....	\$1,813,574	\$1,813,574	\$0				\$468,749	\$468,749	\$0	\$2,282,323	\$2,282,323	\$0
Tuition.....	280,978	280,978	0						0	280,978	280,978	0
Earnings on investments.....	81,615	81,615	0						0	81,615	81,615	0
Other local revenues.....	22,404	22,404	0	\$58,761	\$58,761	\$0			0	81,165	81,165	0
Intergovernmental - State.....	2,658,441	2,658,441	0	91,125	91,125	0	49,597	49,597	0	2,799,163	2,799,163	0
Intergovernmental - Federal.....	31,828	31,828	0	233,239	233,239	0			0	265,067	265,067	0
Total revenues.....	4,888,840	4,888,840	0	383,125	383,125	0	518,346	518,346	0	5,790,311	5,790,311	0
<b>Expenditures:</b>												
Current:												
Instruction:												
Regular.....	491,716	467,543	24,173	94,648	95,660	(1,012)	13,331	11,622	1,709	491,716	467,543	24,173
Vocational.....	2,483,033	2,358,408	124,625	82,611	83,494	(883)				2,591,012	2,465,690	125,322
Other.....										82,611	83,494	(883)
Support services:												
Pupil.....	198,652	188,682	9,970	106,127	107,262	(1,135)				304,779	295,944	8,835
Instructional staff.....	414,362	393,565	20,797	72,263	73,036	(773)	4,517	3,938	579	491,142	470,539	20,603
Board of Education.....	104,502	99,257	5,245				258,218	225,119	33,099	362,720	324,376	38,344
Administration.....	288,439	273,962	14,477	2,194	2,217	(23)				290,633	276,179	14,454
Fiscal.....	165,184	156,893	8,291				15,764	13,743	2,021	180,948	170,636	10,312
Operations and maintenance.....	542,849	515,603	27,246							542,849	515,603	27,246
Central.....	17,172	16,310	862	37,627	38,029	(402)				54,339	54,339	0
Extracurricular activities.....	863	820	43							863	820	43
Facilities acquisition and construction.....							355,965	310,336	45,629	355,965	310,336	45,629
Total expenditures.....	4,706,772	4,471,043	235,729	395,470	399,698	(4,228)	647,795	564,758	83,037	5,750,037	5,435,499	314,538
Excess of revenues over (under) expenditures.....	182,068	417,797	235,729	(12,345)	(16,573)	(4,228)	(129,449)	(46,412)	83,037	40,274	354,812	314,538
<b>Other financing sources (uses):</b>												
Refund of prior year's expenditures.....	19,382	19,468	86							19,382	19,468	86
Operating transfers in.....	(4,190)	(3,980)	210	3,980	3,980	0				3,980	3,980	0
Operating transfers out.....	30,300	30,300	0							(4,190)	(3,980)	210
Advances in.....	(169,708)	(161,190)	8,518	118,232	118,232	0				148,532	148,532	0
Advances out.....	(124,216)	(115,402)	8,814	122,212	122,212	0				(169,708)	(161,190)	8,518
Total other financing sources (uses).....										(2,004)	6,810	8,814
Excess of revenues and other financing sources over (under) expenditures and other financing uses.....	57,852	302,395	244,543	109,867	105,639	(4,228)	(129,449)	(46,412)	83,037	38,270	361,622	323,352
Fund balances, July 1.....	870,558	870,558	0	70,170	70,170	0	154,203	154,203	0	1,094,931	1,094,931	0
Prior year encumbrances appropriated.....	63,431	63,431	0	17,341	17,341	0	38,153	38,153	0	118,925	118,925	0
Fund balances, June 30.....	\$991,841	\$1,236,384	\$244,543	\$197,378	\$193,150	(\$4,228)	\$62,907	\$145,944	\$83,037	\$1,252,126	\$1,575,478	\$323,352

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VANTAGE CAREER CENTER**  
**VAN WERT COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees . . . . .	\$524,079
Sales/charges for services . . . . .	93,881
Other operating revenues . . . . .	142,573
Total operating revenues . . . . .	760,533
Operating expenses:	
Personal services . . . . .	623,087
Contract services . . . . .	103,591
Materials and supplies . . . . .	318,144
Depreciation . . . . .	2,905
Other . . . . .	5,105
Total operating expenses . . . . .	1,052,832
Operating loss . . . . .	(292,299)
Nonoperating revenues:	
Operating grants . . . . .	316,220
Federal commodities . . . . .	9,113
Interest revenue . . . . .	680
Total nonoperating revenues . . . . .	326,013
Net income . . . . .	33,714
Retained earnings, July 1 . . . . .	209,114
Retained earnings, June 30 . . . . .	\$242,828

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VANTAGE CAREER CENTER**  
**VAN WERT COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees . . . . .	\$477,475
Cash received from sales/service charges . . . . .	94,322
Cash received from other operations. . . . .	141,652
Cash payments for personal services. . . . .	(616,989)
Cash payments for contract services. . . . .	(103,045)
Cash payments for materials and supplies . . . . .	(301,775)
Cash payments for other expenses . . . . .	(5,105)
Net cash used in operating activities . . . . .	(313,465)
Cash flows from noncapital financing activities:	
Cash received from operating grants. . . . .	277,113
Cash received from interfund loans . . . . .	42,925
Cash used in repayment of interfund loans. . . . .	(30,300)
Net cash provided by noncapital financing activities . . . . .	289,738
Cash flows from capital and related financing activities:	
Acquisition of capital assets . . . . .	(8,898)
Net cash used in capital and related financing activities . . . . .	(8,898)
Cash flows from investing activities:	
Interest received . . . . .	680
Net cash provided by investing activities . . . . .	680
Net decrease in cash and cash equivalents . . . . .	(31,945)
Cash and cash equivalents at beginning of year. . . . .	128,899
Cash and cash equivalents at end of year. . . . .	\$96,954
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss. . . . .	(\$292,299)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation. . . . .	2,905
Federal donated commodities . . . . .	9,113
Changes in assets and liabilities:	
Decrease in supplies inventory. . . . .	2,119
Increase in accounts receivable. . . . .	(47,084)
Increase in prepayments . . . . .	(1,674)
Increase in accounts payable . . . . .	6,792
Increase in accrued wages and benefits. . . . .	2,528
Increase in compensated absences payable . . . . .	2,340
Increase in pension obligation payable . . . . .	2,808
Decrease in deferred revenue. . . . .	(1,013)
Net cash used in operating activities . . . . .	(\$313,465)
Noncash Investing, Capital and Financing Activities:	
Contributed capital:	
Contributions from other funds . . . . .	\$3,273

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

The Vantage Career Center (the "Career Center") was created under the provisions of Section 3311.18, of the Ohio Revised Code. The Career Center is operated under a Board of Education consisting of 1 member each from the 2 local school district's boards of education; 2 members from each city and exempted village school district's boards of education and 1 rotating member from the school districts mentioned above. The Board currently consists of 11 members.

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades, and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and nonprogrammed services. It is staffed by 26 non-certificated employees and 62 certificated full-time teaching personnel, who provide services to 432 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Career Center's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements beginning after December 15, 1992. The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, and student-related activities.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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. The Career Center has no component units. The following organization is described due to its relationship with the Career Center:

*Jointly Governed Organization:*

Northwest Ohio Area Computer Services Cooperative (NOACSC) - 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 public school districts within the boundaries of Allen, Hancock, 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 school districts.

The governing board of NOACSC consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. Financial information is available from Michael Wildermuth, Director, at 645 South Main Street, Lima, Ohio 45804.

The Career Center also participates in two group purchasing pools for insurance, described in Note 11.

**B. Fund Accounting**

The Career Center uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center functions or activities.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which records cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the Career Center are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions of the Career Center are financed. The acquisition, use, and balances of the Career Center's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the Career Center's governmental fund types:

*General Fund* - The general fund is the operating fund of the Career Center and 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.

*Special Revenue Funds* - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

*Capital Projects Funds* - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the Career Center's ongoing activities which, are similar to those found in the private sector. The following is the Career Center's proprietary fund type:

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

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the Career Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Career Center's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual (See Note 3.D).

*ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Career Center, other than those accounted for in the proprietary funds.



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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the Career Center, except those accounted for in the proprietary funds.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the Career Center is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the Career Center prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The Career Center is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The Career Center reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Career Center before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

2. By no later than January 20, the Board-adopted budget is filed with the Van Wert County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center's Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

Although the legal level of budgetary control was established at the fund level of expenditures for all funds, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the Career Center.

Encumbrance accounting is utilized with Career Center funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary basis and GAAP basis of accounting. Encumbrances for the enterprise funds are disclosed in Note 12 to the financial statements.

**E. Cash and Investments**

To improve cash management, cash received by the Career Center is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During 2001, investments were limited to certificates of deposit, which are reported at cost.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

Under existing Ohio statutes, all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2001, totaled \$67,036, which included \$20,311 assigned from other funds of the Career Center.

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

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

**F. Inventory**

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**G. Prepayments**

Prepayments for governmental funds represent cash disbursements, which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayment and deferrals are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$500. The Career Center does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method, over an estimated useful life of 5 to 20 years.

**I. Contributed Capital**

Contributed capital reported in the Enterprise funds represents resources from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. See Note 9 for changes in contributed capital during fiscal year 2001.

**J. Compensated Absences**

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

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

Accumulated vacation and sick leave of governmental fund type employees meeting the eligibility requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees paid from the proprietary funds is recorded as an expense and fund liability when earned.

**K. Intergovernmental Revenues**

In governmental funds, intergovernmental revenues such as entitlements and non-reimbursable grants (to the extent eligibility requirements have been met by year-end) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations (excluding commodities) are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable.



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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

The Career Center currently participates in several state and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief

Capital Projects Fund

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block Grant  
Education Management Information Systems  
State Criminal Justice Grant  
Job Training Partnership Act  
SchoolNet Professional Development  
Tech Prep  
Economic Education  
Title VI  
Career Development  
Consumer Economic Grant  
Adult Basic Education  
Vocational Education Grants  
Information Technology  
Title VI  
Title II

Reimbursable Grants

General Fund

Vocational Education

Proprietary Funds

School Breakfast Program  
National School Lunch Program  
Food Distribution  
Adult Education

Grant and entitlements amounted to over 49% of the Career Center's operating revenue during the 2001 fiscal year.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

**L. Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources; however, compensated absences that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**M. Fund Equity**

The Career Center records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, prepayments, tax revenue unavailable for appropriation and Bureau of Worker's Compensation (BWC) refunds. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute.

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 17 for details.

**O. Estimates**

The preparation of financial statements in conformity with GAAP 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.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**P. Memorandum Only - Total Columns**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the Career Center value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the Career Center at June 30, 2000.

**B. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2001, included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Consumer Education	\$ 357
Career Development	3,725
<u>Enterprise Fund</u>	
Uniform School Supplies	2,310

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

Each of these funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit balances in the Consumer Education and Career Development special revenue funds and the Uniform School Supplies enterprise fund are caused by the application of GAAP, namely in the reporting of a liability for short-term interfund loans. These deficit balances will be eliminated as revenues become available to repay the short-term interfund loans.

**C. Statutory Non-Compliance**

The following fund accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41(B), Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds</u>			
Consumer Economic Education	\$ 12,000	\$ 12,716	\$ 716
Other Grant	1,300	4,977	3,677
JTPA	0	388	388
Title VI	17,500	19,183	1,683
Career Development	47,500	55,262	7,762
Education Management			
Information Systems	0	4,163	4,163
SchoolNet Professional Development	1,000	3,000	2,000
Tech Prep	0	6,947	6,947
ABLE Grant	97,300	102,935	5,635
<u>Capital Projects Fund</u>			
SchoolNet	0	3,000	3,000
<u>Enterprise Funds</u>			
Food Service	131,060	140,124	9,064
Rotary	93,700	170,990	77,290
Adult Education	569,100	722,926	153,826
Uniform School Supplies	58,500	86,457	27,957

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

In accordance with the Ohio Revised Code Section 5705.39 the following fund had appropriations in excess of total estimated revenues plus available balances in the following fund:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Capital Projects	Interactive Video Distance Learning	\$486

**D. Agency Fund**

The following are accruals for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

<u>ASSETS</u>	
Due from other governments	\$2,681

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two-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 accounts, including passbook accounts.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that Investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and,

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash on Hand:* At year-end, the Career Center had \$725 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in pooled cash and cash equivalents", but is not included in the total amount of deposits reported below.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

*Deposits:* At year-end the carrying amount of the Career Center's deposits was \$1,857,307 and the bank balance was \$2,071,232 (both amounts include \$988,000 in non-negotiable certificates of deposit, but are exclusive of payroll clearance accounts). Of the bank balance:

1. \$557,901 was covered by federal deposit insurance.
2. \$1,513,331 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the Career Center. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the Career Center to a successful claim by the FDIC.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

*Investments:* The Career Center’s investments are required to be categorized to give an indication of the level of risk assumed by the Career Center at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Career Center or its agent in the Career Center’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the Career Center’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Career Center’s name. The Career Center had no investments (as defined by GASB Statement No. 3) at June 30, 2001.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.”

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a summarized breakdown of the Career Center’s operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ - - -	\$3,980
<u>Special Revenue Funds</u>		
Public School Support	1,000	- - -
Miscellaneous Federal Grants	<u>2,980</u>	<u>- - -</u>
Totals	<u>\$3,980</u>	<u>\$3,980</u>



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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

B. Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$153,190	\$ 22,300
<u>Special Revenue Funds</u>		
Consumer Economic Education	---	419
Career Development	---	7,535
Adult Education	---	57,138
Vocational Education	---	51,969
Miscellaneous Federal Grants	---	1,171
<u>Enterprise Funds</u>		
Food Service	22,300	---
Adult Education	---	20,500
Uniform School Supplies	---	4,425
Rotary	---	10,000
<u>Agency Fund</u>		
District Agency Rotary	---	33
Totals	<u>\$175,490</u>	<u>\$175,490</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the Career Center.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies (50% of market value), and railroads, which are assessed at 29% of market value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The Career Center receives a state subsidy in lieu of tax revenue, which would otherwise have been collected.

The assessed value upon which the 2000 taxes were collected was \$877,690,373. Agricultural/Residential represented 72.00% or \$631,975,040 of this total; Commercial & Industrial real estate represented 9.55% or \$83,800,010 of this total, public utility tangible represented 7.60% or \$66,739,600 of this total and general tangible property represented 10.85% or \$95,175,723 of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$3.10 per \$1,000.00 of assessed valuation for operations and \$.70 per \$1,000.00 of assessed valuation for permanent improvements.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Career Center receives property taxes from Van Wert, Paulding, Putnam, Mercer, and Auglaize Counties. The Van Wert County Auditor periodically advances to the Career Center its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current fiscal year operations. The net receivable (total receivable less available advance intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

Taxes available for advance and recognized as revenue, but not received by the Career Center prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The Career Center is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2001, totaled \$63,164 in the general fund, and \$16,477 in the Permanent Improvement capital projects fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2001, consisted of taxes, interest, interfund loans, accounts (tuition and student fees), and intergovernmental grants and entitlements (to the extent eligibility requirements have been met by year-end). 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.

**VANTAGE CAREER CENTER  
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 7 - RECEIVABLES - (Continued)**

A summary of the principal items of receivables is as follows:

	<u>Amounts</u>
<u>General Fund</u>	
Property taxes - current and delinquent	\$1,559,002
Accounts	419
Accrued interest	3,675
Due from other governments	19,676
Interfund loans	153,190
 <u>Special Revenue Funds</u>	
Due from other governments	131,935
 <u>Capital Projects Funds</u>	
Property taxes - current and delinquent	1,076,017
Due from other governments	1,881
 <u>Enterprise Funds</u>	
Accounts	54,795
Due from other governments	43,931
Interfund loans	22,300

**NOTE 8 - FIXED ASSETS**

The following changes occurred in the general fixed assets account group during the year:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increases</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/Improvement	\$ 45,000	\$ ---	\$ ---	\$ 45,000
Buildings	3,479,603	88,300	---	3,567,903
Furniture/Equipment	2,904,398	241,202	---	3,145,600
Vehicles	<u>192,175</u>	<u>11,660</u>	<u>---</u>	<u>203,835</u>
 Total	 <u>\$6,621,176</u>	 <u>\$341,162</u>	 <u>\$ 0</u>	 <u>\$6,962,338</u>

**VANTAGE CAREER CENTER  
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 8 - FIXED ASSETS - (Continued)**

A summary of the proprietary fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$ 456,709
Less: Accumulated Depreciation	<u>(427,459)</u>
Net Fixed Assets	<u>\$ 29,250</u>

**NOTE 9 - CONTRIBUTED CAPITAL**

Changes in contributed capital for the year ended June 30, 2001, are as follows:

	<u>Enterprise</u>
Contributed Capital, July 1, 2000	\$15,737
Current Contributions From Other Funds	<u>3,273</u>
Contributed Capital, June 30, 2001	<u>\$19,010</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values. Compensated absences and the pension obligation payable will be paid from the fund in which the employee was paid.

	<u>Outstanding July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2001</u>
Compensated Absences	\$304,894	\$48,992	\$ - - -	\$353,886
Pension Obligation Payable	<u>0</u>	<u>2,492</u>	<u>- - -</u>	<u>2,492</u>
Total Long-Term Obligations	<u>\$304,894</u>	<u>\$51,484</u>	<u>\$ 0</u>	<u>\$356,378</u>

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Legal Debt Margin**

The Ohio Revised Code provides that the total net indebtedness of a school Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center.

The effects of these debt limitations for the Career Center at June 30, 2001, are a voted debt margin of \$78,992,134 and an unvoted debt margin of \$877,690.

**NOTE 11 - RISK MANAGEMENT**

The Career Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Career Center maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, public official bonds, and professional liability. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2000.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 11 - RISK MANAGEMENT - (Continued)**

*GROUP PURCHASING POOLS*

Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Plan - The Career Center participates in a group rating plan (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Northwest Ohio Area Computer Service Cooperative as a group insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school Career Centers is calculated as one experience and a common premium rate is applied to all school Career Centers in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. The GRP's business and affairs are conducted by a twenty-five member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school Career Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

Van Wert Area School Insurance Group (VWASIG) - The Career Center is a member of the VWASIG, a cooperative group of Van Wert County school Career Centers established to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Calends Inc. of Fort Wayne, Indiana. Van Wert County Educational Service Center serves as the fiscal agent.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the Career Center.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Career Center maintains four enterprise funds to account for the operations of food service, uniform school supplies, rotary and adult education. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the Career Center as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenue	\$ 93,881	\$ 73,721	\$103,819	\$ 489,112	\$ 760,533
Operating expenses before depreciation	126,426	86,391	138,020	699,090	1,049,927
Depreciation	1,843	143	---	919	2,905
Operating loss	(34,388)	(12,813)	(34,201)	(210,897)	(292,299)
Non-operating revenues:					
Operating grants	17,433	---	3,456	295,331	316,220
Donated commodities	9,113	---	---	---	9,113
Net income (loss)	(7,162)	(12,813)	(30,745)	84,434	33,714
Net working capital	21,921	(4,272)	131,968	95,617	245,234
Fixed assets:					
Additions	3,273	---	---	8,898	12,171
Total assets	46,698	2,115	146,302	153,502	348,617
Long-term liabilities payable from fund revenues	---	---	---	12,646	12,646
Contributed capital	19,010	---	---	---	19,010
Total equity	39,996	(2,310)	131,968	92,184	261,838
Encumbrances as of June 30, 2001	1,114	66	34,300	18,821	54,301



**VANTAGE CAREER CENTER  
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Career Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate, which was 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$85,090, \$96,494, and \$83,316, respectively, 93.15% has been contributed for fiscal year 2001, and 100% for the fiscal years 2000 and 1999. \$5,823, which represents the unpaid contribution for fiscal year 2001, is recorded as a fund liability within the respective funds.

**B. State Teachers Retirement System**

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

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3% of their annual covered salary and the Career Center is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The Career Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$392,141, \$445,554, and \$405,922, respectively, 91.54% has been contributed for fiscal year 2001, and 100% for fiscal years 2000 and 1999. \$33,087, which represents the unpaid contribution for fiscal year 2001, is recorded as a fund liability within the respective funds.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount equaled \$125,711 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 net health care costs paid by STRS were \$283.137 million and there were 99,011 eligible benefit recipients.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$68,141 during the 2001 fiscal year.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

	<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>		
	Governmental Fund Types		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>
Budget Basis	\$302,395	\$ 105,639	\$(46,412)
Net Adjustment for Revenue Accruals	(19,691)	(12,738)	(1,341)
Net Adjustment for Expenditure Accruals	73,746	4,801	(22,589)
Net Adjustment for Other Financing Sources/(Uses)	111,422	(118,232)	---
Adjustment for Encumbrances	<u>74,123</u>	<u>15,925</u>	<u>62,537</u>
GAAP Basis	<u>\$541,995</u>	<u>\$ (4,605)</u>	<u>\$ (7,805)</u>

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 16 - 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, 2001.

**B. Endowment Income**

The Career Center is the beneficiary of an estate administered by the Van Wert County Foundation, a community trust. The trust may distribute the principal and income to the Career Center for the purpose of acquiring new electronic and other equipment. For the year ended June 30, 2001, the Career Center received \$35,000 from the trustee.

**C. Litigation**

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

**D. State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 16 - CONTINGENCIES - (Continued)**

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 19, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the Career Center is unable to determine what effect, if any, this decision and reconsideration will have on its future State funding and on its financial operations.

**NOTE 17 - STATUTORY RESERVES**

The Career Center is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2000	\$(100,028)	\$(349,263)	\$ 91,360	\$ 0
Current year set-aside requirement	100,467	100,467	---	---
Elimination of budget stabilization reserve	---	---	(70,972)	---
Current year offsets	---	(468,748)	---	---
Change in statutory requirements	---	---	(20,388)	20,388
Qualifying disbursements	<u>(150,000)</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total	<u>\$(149,561)</u>	<u>\$(717,544)</u>	<u>\$ 0</u>	<u>\$20,338</u>
Cash balance carried forward to FY 2002	<u>\$(149,561)</u>	<u>\$(717,544)</u>	<u>\$ 0</u>	<u>\$20,338</u>

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 17 - STATUTORY RESERVES - (Continued)**

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the Career Center to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate the BWC funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The Career Center is still required by state law to maintain the textbook reserve and capital acquisition reserve.

The Career Center had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the textbook and instructional materials and capital acquisition reserve, these extra amounts may be used to reduce the set-aside requirement for future years. These negative amounts are therefore presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	<u>\$20,338</u>
Total restricted assets	<u><u>\$20,338</u></u>

## **SUPPLEMENTAL DATA**



**VANTAGE JOINT VOCATIONAL SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(C) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>				
<b>Nutrition Grant Cluster:</b>				
(A) (D) Food Distribution	10.550	N/A		\$9,113
(B) (D) School Breakfast Program	10.553	051672-05-PU-2000	\$626	
(B) (D) School Breakfast Program	10.553	051672-05-PU-2001	2,121	
(B) (D) National School Lunch Program	10.555	051672-LL-P1-2000	1,752	
(B) (D) National School Lunch Program	10.555	051672-LL-P4-2000	1,203	
(B) (D) National School Lunch Program	10.555	051672-LL-P1-2001	5,654	
(B) (D) National School Lunch Program	10.555	051672-LL-P4-2001	4,016	
<b>Total U. S. Department of Agriculture and Nutrition Cluster</b>			15,372	9,113
<b>U.S. DEPARTMENT OF LABOR: PASSED THROUGH THE</b>				
(E) Option Four Work Enforcement	17.259	N/A	9,579	
<b>Total U.S. Department of Labor</b>			9,579	
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A</b>				
Pell Grants	84.063	N/A	59,778	
<b>PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>				
Adult Education - State Grant Program	84.002	051672-AB-S1-2001	37,100	
(E) Adult Education - State Grant Program	84.002	N/A	24,914	
<b>Total Adult Education</b>			62,014	
Vocational Education - Basic Grants to States	84.048	051672-20-C1-2000	1,965	
Vocational Education - Basic Grants to States	84.048	051672-20-C1-2001	167,499	
Vocational Education - Basic Grants to States	84.048	051672-20-A4-1999	8,343	
<b>Total Vocational Education</b>			177,807	
Title VI- Innovative Educational Program Strategies	84.298	051672-C2-S1-2000	2,626	
<b>Total U.S. Department of Education</b>			302,225	
<b>Total Federal Financial Assistance</b>			\$327,176	\$9,113

- (A) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.  
 (B) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
 (C) This schedule was prepared on the cash basis of accounting.  
 (D) Included as part of "Nutrition Cluster" in determining major programs.  
 (E) Passed through Putnam and VanWert Counties

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"SERVING OHIO LOCAL GOVERNMENTS"

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
Vantage Career Center  
818 North Franklin St.  
Van Wert, Ohio 45891

We have audited the general purpose financial statements of Vantage Career Center as of and for the fiscal year ended June 30, 2001, and have issued our report thereon dated December 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Vantage Career Center's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-VCC-001 and 2001-VCC-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of Vantage Career Center in a separate letter dated December 19, 2001.

Board of Education  
Vantage Career Center

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vantage Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Vantage Career Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-VCC-001 and 2001-VCC-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Vantage Career Center in a separate letter dated December 19, 2001.

This report is intended for the information and use of the management and Board of Education of Vantage Career Center, Van Wert County, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
December 19, 2001

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## **Report on Compliance With Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133***

Board of Education  
Vantage Career Center  
818 North Franklin St.  
Van Wert, Ohio 45891

### Compliance

We have audited the compliance of Vantage Career Center with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2001. Vantage Career Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Vantage Career Center's management. Our responsibility is to express an opinion on Vantage Career Center's compliance based on our audit.

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

Board of Education  
Vantage Career Center

In our opinion, Vantage Career Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2001.

#### Internal Control Over Compliance

The management of Vantage Career Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Vantage Career Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Trimble, Julian & Grube, Inc.  
December 19, 2001

VANTAGE CAREER CENTER  
VAN WERT COUNTY  
JUNE 30, 2001

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2001-VCC-001

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Career Center had expenditures plus encumbrances in excess of appropriations in the following funds:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds</u>			
Consumer Economic Education	\$ 12,000	\$ 12,716	\$ 716
Other Grant	1,300	4,977	3,677
JTPA	0	388	388
Title VI	17,500	19,183	1,683
Career Development	47,500	55,262	7,762
Education Management			
Information Systems	0	4,163	4,163
SchoolNet Professional Development	1,000	3,000	2,000
Tech Prep	0	6,947	6,947
ABLE Grant	97,300	102,935	5,635
<u>Capital Projects Fund</u>			
SchoolNet	0	3,000	3,000
<u>Enterprise Funds</u>			
Food Service	131,060	140,124	9,064
Rotary	93,700	170,990	77,290
Adult Education	569,100	722,926	153,826
Uniform School Supplies	58,500	86,457	27,957

With expenditures plus encumbrances exceeding appropriations, the Career Center is unlawfully expending monies that have not been appropriated.

We recommend that the Career Center comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continued basis and making appropriation amendments as necessary.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

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

Finding Number	2001-VCC-002
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues plus available balances.

It was noted during the audit that total appropriations in exceeded the total estimated revenues plus available balances in the following fund:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Capital Projects	Video Distance Learning	\$486

With appropriations exceeding revenues, the Career Center is spending monies that are not lawfully appropriated for those purposes and thus cause a fund deficit.

We recommend that the Career Center comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated revenue records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the Career Center should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated revenues. In addition, the Career Center should monitor its budgetary process on a regular basis.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



**VANTAGE CAREER CENTER  
VAN WERT COUNTY  
JUNE 30, 2001**

**STATUS OF PRIOR AUDIT FINDINGS  
*OMB CIRCULAR A-133 § .505***

<u><b>NONCOMPLIANCE</b></u>	<u><b>STATUS</b></u>	<u><b>EXPLANATION IF NOT FULLY IMPLEMENTED</b></u>
Section 5705.41 (B), Revised Code, requiring that all expenditures of money must be lawfully appropriated. (2000-51672-001)	Not Corrected	The Career Center is aware of this requirement and is preparing monthly amendments to monitor the appropriations and expenditures on a more regular basis.
Section 5705.39, Revised Code requiring that total appropriation from each fund not exceed total estimated revenues plus available balances. (2000-51672-002)	Not Corrected	The Career Center is aware of this requirement and is preparing monthly amendments to monitor the available resources and appropriations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VANTAGE CAREER CENTER**

**VAN WERT 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  
JANUARY 31, 2002**