



**Auditor of State  
Betty Montgomery**



VANTAGE CAREER CENTER  
VAN WERT COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Vantage Career Center  
Van Wert County  
818 North Franklin Street  
Van Wert, Ohio 45891

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Vantage Career Center, Van Wert County, (the Center), as of and for the year ended June 30, 2004, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Center, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Adult Education funds, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the Center implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Additionally, the Center changed capital asset capitalization threshold, as disclosed in Note 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2004, on our consideration of the 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.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 15, 2005

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

The discussion and analysis of the Vantage Career Center (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- In total, net assets decreased \$709,519. Net assets of governmental activities decreased \$724,468, which represents an 11.40% decrease from 2003. Net assets of business-type activities increased \$14,949 or 4.12% from 2003.
- General revenues accounted for \$5,490,073 in revenue or 77.24% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,617,790 or 22.76% of total revenues of \$7,107,863.
- The Career Center had \$7,832,331 in expenses related to governmental activities; only \$1,617,790 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,490,073 were not adequate to provide for these programs.
- The Career Center had \$631,154 in expenses related to business-type activities; \$645,779 of these expenses were offset by program specific charge for services and grants and contributions. General revenues supporting business-type activities of \$324 were adequate to support these programs.
- The Career Center's major governmental funds are the general fund, adult education fund, permanent improvement fund and capital projects fund. The general fund had \$5,310,793 in revenues and other financing sources and \$5,133,864 in expenditures and other financing uses. The general fund's fund balance increased \$176,929 from \$566,831 to \$743,760.
- The adult education fund had \$818,480 in revenues and other financing sources and \$743,961 in expenditures. The adult education fund's fund balance increased \$74,519 from \$64,508 to \$139,027.
- The permanent improvement fund had \$665,793 in revenues and other financing sources and \$861,957 in expenditures. The permanent improvement fund's fund balance decreased from \$749,501 to \$553,337.
- The capital projects fund had no revenues and no expenditures. The capital projects fund balance is \$1,362,760.

**Using the Basic Financial Statements (BFS)**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
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The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Career Center's most significant funds with all other non-major funds presented in total in one column. In the case of the Career Center, the general fund, adult education fund, permanent improvement fund and capital projects fund are by far the most significant funds, and the only governmental funds reported as major funds.

**Reporting the Career Center as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, How did we do financially during 2004? The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Career Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Career Center as a whole, the *financial position* of the Career Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Career Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, the Career Center is divided into two distinct kinds of activities:

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

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

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

**Reporting the Career Center's Most Significant Funds**

**Fund Financial Statements**

The analysis of the Career Center's major governmental fund begins on page 10 and the analysis of the Career Center's major enterprise fund begins on page 10. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, adult education fund, permanent improvement fund and capital projects fund.

**Governmental Funds**

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 18-23 of this report.

**Proprietary Funds**

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the Career Center as a whole. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

**Reporting the Career Center's Fiduciary Responsibilities**

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 27. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-52 of this report.

**The Career Center as a Whole**

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting; therefore a comparison with prior years is not available. A comparative analysis will be provided in future years when prior year information is available.

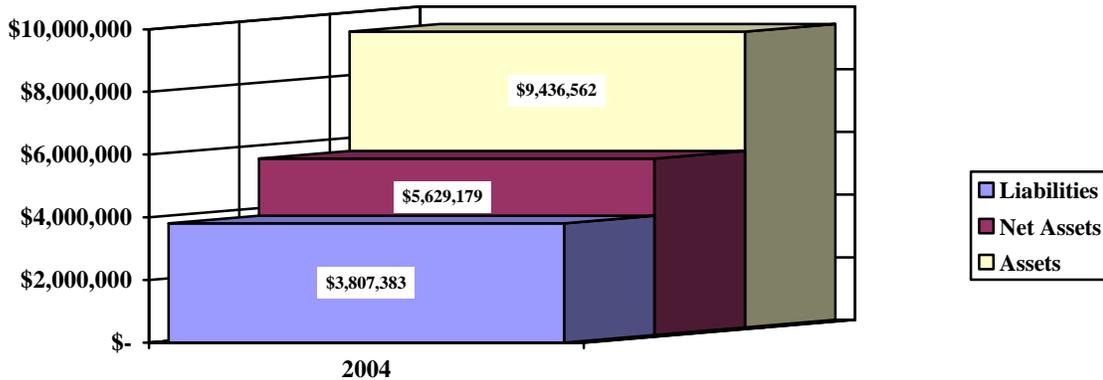
**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

The table below provides a summary of the Career Center's net assets for 2004.

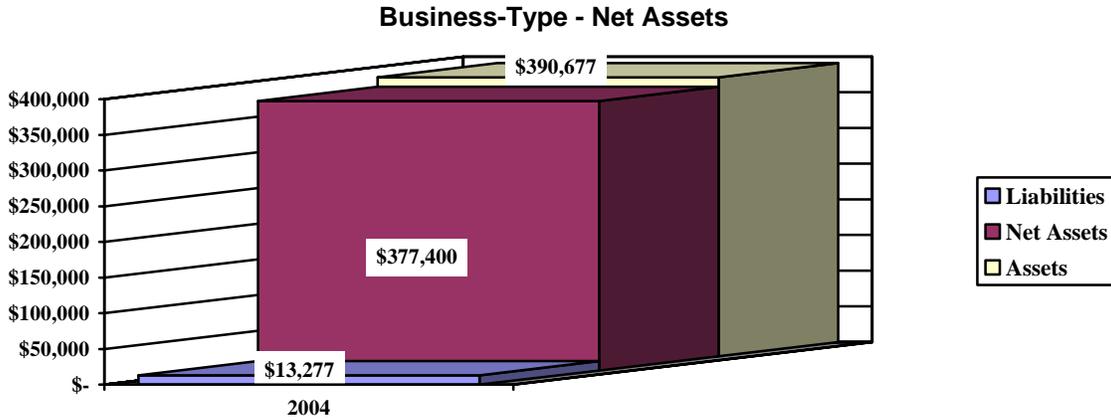
	<b>Net Assets</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
	<b>2004</b>	<b>2004</b>
<b>Assets</b>		
Current assets	\$5,812,395	\$327,450
Capital assets	3,624,167	63,227
<b>Total assets</b>	<b>9,436,562</b>	<b>390,677</b>
<b>Liabilities</b>		
Current liabilities	3,219,205	13,277
Long-term liabilities	588,178	
<b>Total liabilities</b>	<b>3,807,383</b>	<b>13,277</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	3,498,953	63,227
Restricted	1,942,971	
Unrestricted	187,255	314,173
<b>Total net assets</b>	<b>\$5,629,179</b>	<b>\$377,400</b>

**Governmental - Net Assets**



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
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The table below shows the change in net assets for fiscal year 2004. Since this is the first year the Career Center has prepared government-wide financial statements using the full accrual basis of accounting, revenue and expense comparisons to fiscal year 2003 are not available. A comparative analysis will be provided in future years when prior year information is available.

	<b>Change in Net Assets</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
	<b>2004</b>	<b>2004</b>
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$801,690	\$606,409
Operating grants and contributions	816,100	39,370
General revenues:		
Property taxes	2,257,506	
Grants and entitlements	3,105,118	
Investment earnings	120,442	324
Other	7,007	
<b>Total revenues</b>	<b>7,107,863</b>	<b>646,103</b>

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
	<b>2004</b>	<b>2004</b>
<b>Expenses</b>		
Program expenses:		
Instruction:		
Regular	\$743,417	
Vocational	3,625,195	
Adult education	750,343	
Support services:		
Pupil	488,368	
Instructional staff	628,365	
Board of Education	51,499	
Administration	487,642	
Fiscal	255,082	
Operations and maintenance	631,854	
Pupil transportation	26,346	
Central	105,978	
Operation of non-instructional services	9,897	
Extracurricular activities	21,816	
Interest and fiscal charges	6,529	
Rotary		408,933
Food service operations		158,753
Uniform school supplies		63,468
Total expenses	7,832,331	631,154
Changes in net assets	(\$724,468)	\$14,949

**Governmental Activities**

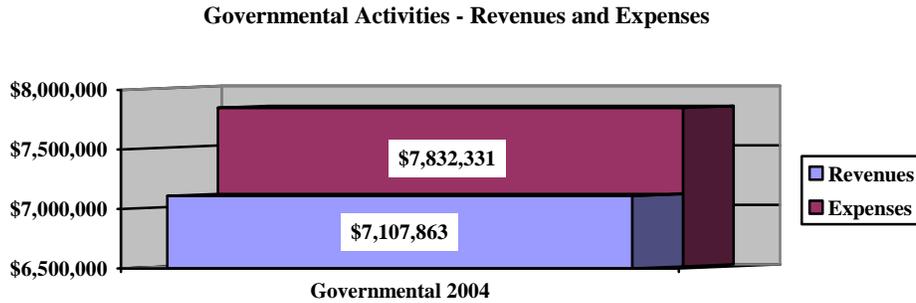
Net assets of the Career Center's governmental activities decreased \$724,468. Total governmental expenses of \$7,832,331 were offset by program revenues of \$1,617,790 and general revenues of \$5,490,073. Program revenues supported 20.66% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 75.45% of total governmental revenue. Real estate property is reappraised every six years.

**VANTAGE CAREER CENTER  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
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The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2004.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2004. It identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

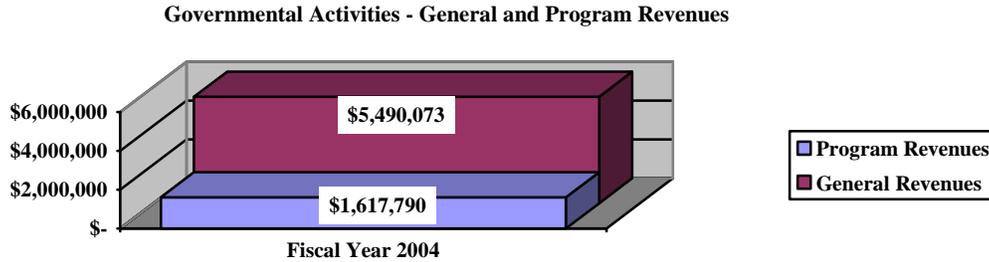
	<b>Governmental Activities</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
	<b>2004</b>	<b>2004</b>
<b>Program expenses:</b>		
Instruction:		
Regular	\$743,417	\$441,390
Vocational	3,625,195	3,452,588
Adult education	750,343	30,220
Support services:		
Pupil	488,368	255,635
Instructional staff	628,365	548,093
Board of Education	51,499	51,499
Administration	487,642	392,590
Fiscal	255,082	255,082
Operations and maintenance	631,854	630,621
Pupil transportation	26,346	26,346
Central	105,978	92,235
Operation of non-instructional services	9,897	9,897
Extracurricular activities	21,816	21,816
Interest and fiscal charges	6,529	6,529
<b>Total expenses</b>	<b>\$7,832,331</b>	<b>\$6,214,541</b>

The dependence upon tax revenues during fiscal year 2004 for governmental activities is apparent, as 70.10% of 2004 activities are supported through taxes and other general revenues. All governmental activities, general revenue support is 77.24% in 2004. The Career Center's taxpayers, as a whole, is by far the primary support for Career Center's students.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
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The graph below presents the Career Center's governmental activities revenue for fiscal years 2004.



**Business-Type Activities**

The rotary, food services and uniform school supplies programs provides the business-type activities. The rotary program is considered a major enterprise fund. These programs had revenues of \$646,103 and expenses of \$631,154 for fiscal year 2004. The Career Center's business activities receive no support from tax revenues.

**The Career Center's Funds**

The Career Centers governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$2,823,970, which is higher than last year's total of \$2,773,763. The June 30, 2003 fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	<u>Fund Balance June 30, 2004</u>	<u>Fund Balance June 30, 2003</u>	<u>Increase/ Decrease</u>
General	\$743,760	\$566,831	\$176,929
Adult Education	139,027	64,508	74,519
Permanent Improvement	553,337	749,501	(196,164)
Capital Projects	1,362,760	1,362,760	
Other Governmental	25,086	30,163	(5,077)
<b>Total</b>	<u><u>\$2,823,970</u></u>	<u><u>\$2,773,763</u></u>	<u><u>\$50,207</u></u>

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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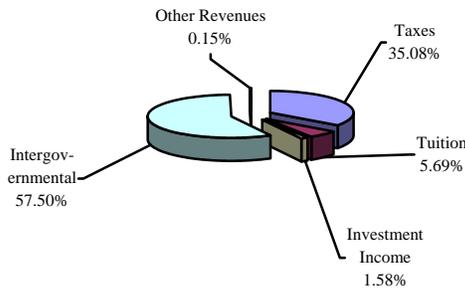
**General Fund**

The Career Center's general fund balance increased \$176,929. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

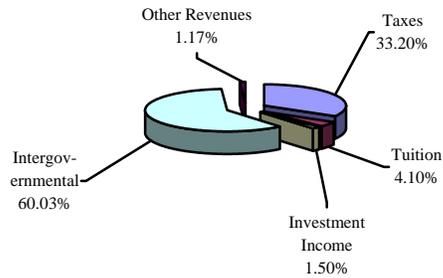
	<u>2004 Amount</u>	<u>2003 Amount</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Taxes	\$1,862,754	\$1,927,277	(3.35) %
Tuition	302,027	237,812	27.00 %
Interest earnings	83,942	87,327	(3.88) %
Intergovernmental	3,053,430	3,484,012	(12.36) %
Other revenues	8,040	68,141	(88.20) %
<b>Total</b>	<u>\$5,310,193</u>	<u>\$5,804,569</u>	(8.52) %

Tuition revenue increased 27.00% from the prior year mostly due to the change in classification when recording revenues. Intergovernmental revenue decreased 12.36% from the prior year. This decrease is attributed to the decrease in the number of grants the Career Center received in 2004. The decrease in investment income is due to cuts in interest rates by the Federal Reserve Bank throughout the year. Other revenue decreased 88.20%.

**Revenues - Fiscal Year 2004**



**Revenues - Fiscal Year 2003**



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

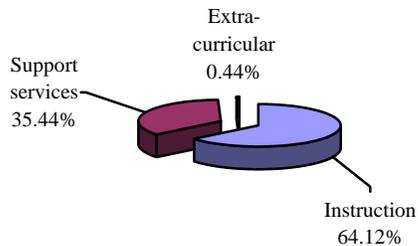
	<u>2004 Amount</u>	<u>2003 Amount</u>	<u>Percentage Change</u>
<b>Expenditures</b>			
Instruction	\$3,235,394	\$3,408,165	(5.07) %
Support services	1,788,344	1,971,240	(9.28) %
Extracurricular activities	22,126	631	3,406.50 %
<b>Total</b>	<u>\$5,045,864</u>	<u>\$5,380,036</u>	(6.21) %

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

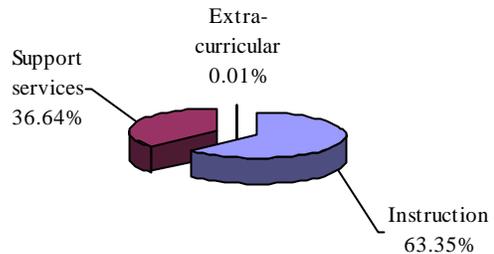
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Continued)**

The most significant increase was in the area of extracurricular activities. While this increase may look large the dollar amount is not.

**Expenditures - Fiscal Year 2004**



**Expenditures - Fiscal Year 2003**



**Adult Education Fund**

The adult education fund had \$818,480 in revenues and other financing sources and \$743,961 in expenditures. The adult education fund's fund balance increased from \$64,508 to \$139,027.

**Permanent Improvement Fund**

The permanent improvement fund had \$665,793 in revenues and other financing sources and \$861,957 in expenditures. The permanent improvement fund's fund balance decreased from \$749,501 to \$553,337.

**Capital Projects Fund**

The capital projects fund had no revenues and no expenditures. The capital projects fund balance is \$1,362,760.

**General Fund Budgeting Highlights**

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

During the course of fiscal 2004, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$5,794,793, above original budget estimates of \$5,631,179. Actual revenues and other financing sources were \$5,747,714 this was \$47,079 below final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$5,713,878 were decreased to \$5,680,870 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$5,519,372 which was \$161,498 less than the final budgeted appropriations.

**VANTAGE CAREER CENTER  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2004, the Career Center had \$3,687,394 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. \$3,624,167 was reported in governmental activities and \$63,227 in business-type activities. The following table shows fiscal 2004 balances compared to 2003:

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Land	\$40,000	\$40,000			\$40,000	\$40,000
Land improvements	38,476	46,417			38,476	46,417
Building and improvements	2,677,888	2,799,546			2,677,888	2,799,546
Furniture and equipment	803,929	879,834	63,227	71,672	867,156	951,506
Vehicles	63,874	63,167			63,874	63,167
<b>Total</b>	<b>\$3,624,167</b>	<b>\$3,828,964</b>	<b>\$63,227</b>	<b>\$71,672</b>	<b>\$3,687,394</b>	<b>\$3,900,636</b>

See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

**Debt Administration**

At June 30, 2004 the Career Center had \$125,214 in capital lease obligations outstanding. Of this total, \$23,664 is due within one year and \$101,550 is due within greater than one year. The following table summarizes the lease obligations outstanding.

**Outstanding Debt, at Year End**

	<b>Governmental Activities 2004</b>	<b>Governmental Activities 2003</b>
Capital lease obligations	\$125,214	\$0
<b>Total</b>	<b>\$125,214</b>	<b>\$0</b>

At June 30, 2004 the Career Center's overall legal debt margin was \$82,428,452 with an unvoted debt margin of \$915,872.

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

**VANTAGE CAREER CENTER  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Current Financial Related Activity**

The Vantage Career Center is committed to maintaining the highest standards of education and service to our students, parents, and community.

Our Board of Education and administration closely monitor the financial outlook of the Career Center by forecasting. By utilizing this tool, the Career Center has been able to avoid financial difficulty by reducing staff and passing a levy. The Career Center has reduced staff by attrition through the implementation of an Early Retirement Incentive Plan. During November, 2004, the Career Center was successful in passing a replacement of a 2.3 mill continuing operating levy that will bring in an estimated \$600,000.00 in new operating monies to the Career Center.

The Career Center has experienced an enrollment decrease over the past two years. This has impacted our state funding significantly. The Board of Education and administration are actively looking at marketing strategies. We are confident that the enrollment has reached its bottom and will start increasing.

In March 1977, the Ohio Supreme Court found that the educational funding in the state was unconstitutional. The funding system at that time was found to be inadequate and not equitable between the districts of Ohio. The Governor and the legislature were directed to address the fundamental issues creating the inequities. Since then, there have been modifications to the funding system and more court hearings, but no resolution at this time. The Career Center is unable to determine what effect this will have on the district's state funding and financial operations.

The Career Center has been working with the Ohio School Facilities Commission. Architects have been to the school and we are waiting on our initial assessment. At this time, we have been approved to be a part of the Local Expedited Partnership Program. This will enable us to do part of the OSFC assessment plan by using our local share which is 25% of the total project. Our plan is to fund this project with our permanent improvement fund.

In closing, the financial outlook for the district at this time is stable. The Board of Education and administration will work diligently to maintain the stability of the district

**Contacting the Career Center's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Lori Davis, Treasurer, Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$3,289,810	\$257,992	\$3,547,802
Receivables:			
Taxes	2,379,644		2,379,644
Accounts	9,627		9,627
Intergovernmental	61,612	2,503	64,115
Accrued interest	2,188		2,188
Internal balance	35,898	(35,898)	
Prepayments	33,616		33,616
Materials and supplies inventory		102,853	102,853
Capital assets:			
Land	40,000		40,000
Depreciable capital assets, net	3,584,167	63,227	3,647,394
Capital assets, net	<u>3,624,167</u>	<u>63,227</u>	<u>3,687,394</u>
 Total assets	 <u>9,436,562</u>	 <u>390,677</u>	 <u>9,827,239</u>
<b>Liabilities:</b>			
Accounts payable	16,444		16,444
Accrued wages and benefits	599,831	8,059	607,890
Pension obligation payable	87,921	5,131	93,052
Intergovernmental payable	8,853	87	8,940
Special termination benefits payable	334,103		334,103
Deferred revenue	2,172,053		2,172,053
Long-term liabilities:			
Due within one year	117,013		117,013
Due within more than one year	471,165		471,165
 Total liabilities	 <u>3,807,383</u>	 <u>13,277</u>	 <u>3,820,660</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	3,498,953	63,227	3,562,180
Restricted for:			
Capital projects	1,926,617		1,926,617
Other purposes	16,354		16,354
Unrestricted	<u>187,255</u>	<u>314,173</u>	<u>501,428</u>
 Total net assets	 <u><u>\$5,629,179</u></u>	 <u><u>\$377,400</u></u>	 <u><u>\$6,006,579</u></u>

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER  
VAN WERT COUNTY

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental activities:</b>			
Instruction:			
Regular	\$743,417	\$302,027	
Vocational	3,625,195		172,607
Adult education	750,343	429,775	290,348
Support services:			
Pupil	488,368		232,733
Instructional staff	628,365	7,084	73,188
Board of education	51,499		
Administration	487,642	60,380	34,672
Fiscal	255,082		
Operations and maintenance	631,854	1,233	
Pupil transportation	26,346		
Central	105,978	1,191	12,552
Other non-instructional services	9,897		
Extracurricular activities	21,816		
Interest and fiscal charges	6,529		
Total governmental activities	7,832,331	801,690	816,100
<b>Business-type activities:</b>			
Rotary	408,933	425,623	
Food service	158,753	117,050	39,370
Uniform school supplies	63,468	63,736	
Total business-type activities	631,154	606,409	39,370
Totals	\$8,463,485	\$1,408,099	\$855,470

**General Revenues:**

Property taxes levied for:  
    General purposes  
    Capital projects  
Grants and entitlements not restricted  
    to specific programs  
Investment earnings  
Miscellaneous

Total general revenues

Change in net assets

**Net assets at beginning of year (restated)**

**Net assets at end of year**

See accompanying notes to the basic financial statements.

**Net (Expense) Revenue and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$441,390)		(\$441,390)
(3,452,588)		(3,452,588)
(30,220)		(30,220)
(255,635)		(255,635)
(548,093)		(548,093)
(51,499)		(51,499)
(392,590)		(392,590)
(255,082)		(255,082)
(630,621)		(630,621)
(26,346)		(26,346)
(92,235)		(92,235)
(9,897)		(9,897)
(21,816)		(21,816)
(6,529)		(6,529)
<b>(6,214,541)</b>		<b>(6,214,541)</b>
	\$16,690	16,690
	(2,333)	(2,333)
	268	268
	14,625	14,625
<b>(6,214,541)</b>	<b>14,625</b>	<b>(6,199,916)</b>
1,798,984		1,798,984
458,522		458,522
3,105,118		3,105,118
120,442	324	120,766
7,007		7,007
<b>5,490,073</b>	<b>324</b>	<b>5,490,397</b>
(724,468)	14,949	(709,519)
<b>6,353,647</b>	<b>362,451</b>	<b>6,716,098</b>
<b>\$5,629,179</b>	<b>\$377,400</b>	<b>\$6,006,579</b>

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004**

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents	\$1,138,721	\$168,840	\$536,231	\$1,362,760	\$83,258	\$3,289,810
Receivables:						
Taxes	1,896,324		483,320			2,379,644
Accounts	350	8,418			859	9,627
Intergovernmental					61,612	61,612
Accrued interest	2,188					2,188
Internal loans	104,549				3,750	108,299
Prepayments	33,616					33,616
Total assets	<u>3,175,748</u>	<u>177,258</u>	<u>1,019,551</u>	<u>1,362,760</u>	<u>149,479</u>	<u>5,884,796</u>
<b>Liabilities:</b>						
Accounts payable	1,513		14,931			16,444
Accrued wages and benefits	530,682	33,534			35,615	599,831
Compensated absences payable	45,305					45,305
Pension obligation payable	68,282	4,126			4,234	76,642
Intergovernmental payable	7,440	571			842	8,853
Internal loans payable	3,750				68,651	72,401
Deferred revenue	1,775,016		451,283		15,051	2,241,350
Total liabilities	<u>2,431,988</u>	<u>38,231</u>	<u>466,214</u>		<u>124,393</u>	<u>3,060,826</u>
<b>Fund Balances:</b>						
Reserved for encumbrances	22,154	7,318	151,846		17,312	198,630
Reserved for prepayments	33,616					33,616
Reserved for property tax unavailable for appropriation	121,308		32,037			153,345
Unreserved, undesignated, reported in:						
General fund	566,682					566,682
Special revenue funds		131,709			7,774	139,483
Capital projects funds			369,454	1,362,760		1,732,214
Total fund balances	<u>743,760</u>	<u>139,027</u>	<u>553,337</u>	<u>1,362,760</u>	<u>25,086</u>	<u>2,823,970</u>
Total liabilities and fund balances	<u>\$3,175,748</u>	<u>\$177,258</u>	<u>\$1,019,551</u>	<u>\$1,362,760</u>	<u>\$149,479</u>	<u>\$5,884,796</u>

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER  
VAN WERT COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004

<b>Total governmental fund balances</b>			\$2,823,970
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			3,624,167
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes		\$54,246	
Intergovernmental revenue		<u>15,051</u>	
Total			69,297
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(417,659)	
Pension obligation payable		(11,279)	
Special termination benefits payable		(334,103)	
Capital lease obligation		<u>(125,214)</u>	
Total			<u>(888,255)</u>
<b>Net assets of governmental activities</b>			<u>\$5,629,179</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
From local sources:						
Taxes	\$1,862,754		\$475,238			\$2,337,992
Tuition	302,027	479,762				781,789
Earnings on investments	83,942				36,500	120,442
Extracurricular					8,943	8,943
Other local revenues	8,040	18,668			39,222	65,930
Intergovernmental revenue	<u>3,053,430</u>	<u>232,050</u>	<u>51,688</u>		<u>580,057</u>	<u>3,917,225</u>
Total revenue	<u>5,310,193</u>	<u>730,480</u>	<u>526,926</u>		<u>664,722</u>	<u>7,232,321</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	674,376		48,911			723,287
Vocational	2,561,018		472,708		214,115	3,247,841
Adult education		641,487			103,916	745,403
Support services:						
Pupil	228,349		2,619		251,209	482,177
Instructional staff	303,498	10,573	11,278		80,489	405,838
Board of education	51,499					51,499
Administration	374,617	90,124	3,339		6,090	474,170
Fiscal	225,743		23,452			249,195
Operations and maintenance	512,599		130,613			643,212
Pupil transportation	1,402		9,888			11,290
Central	90,637	1,777	100		13,464	105,978
Other non-instructional services					516	516
Extracurricular activities	22,126					22,126
Capital outlay			138,867			138,867
Debt service:						
Principal retirement			13,653			13,653
Interest and fiscal charges			6,529			6,529
Total expenditures	<u>5,045,864</u>	<u>743,961</u>	<u>861,957</u>		<u>669,799</u>	<u>7,321,581</u>
Revenues over/(under) Expenditures	<u>264,329</u>	<u>(13,481)</u>	<u>(335,031)</u>		<u>(5,077)</u>	<u>(89,260)</u>
<b>Other financing sources (uses):</b>						
Transfers in		88,000				88,000
Transfers (out)	(88,000)					(88,000)
Proceeds from sale of capital assets	600					600
Proceeds from capital lease transaction			138,867			138,867
Total other financing sources (uses)	<u>(87,400)</u>	<u>88,000</u>	<u>138,867</u>			<u>139,467</u>
Net change in fund balances	176,929	74,519	(196,164)		(5,077)	50,207
<b>Fund balances at beginning of year (restated)</b>	<u>566,831</u>	<u>64,508</u>	<u>749,501</u>	<u>\$1,362,760</u>	<u>30,163</u>	<u>2,773,763</u>
<b>Fund balances at end of year</b>	<u>\$743,760</u>	<u>\$139,027</u>	<u>\$553,337</u>	<u>\$1,362,760</u>	<u>\$25,086</u>	<u>\$2,823,970</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<b>Net change in fund balances - total governmental funds</b>	<b>\$50,207</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$334,594) exceeds capital outlays (\$129,797) in the current period.	(204,797)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(124,458)
Proceeds of capital leases are recorded as revenue in the funds, however on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.	(138,867)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term long-term liabilities on the statement of net assets.	13,653
Some expenses reported on the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(320,206)</u>
<b>Change in net assets of governmental activities</b>	<b><u><u>(\$724,468)</u></u></b>
<i>See accompanying notes to the basic financial statements.</i>	

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes	\$1,807,774	\$1,852,598	\$1,879,100	\$26,502
Tuition	294,524	301,827	301,702	(125)
Earnings on investments	80,699	82,700	82,657	(43)
Other local revenues	7,319	7,500	7,035	(465)
Intergovernmental - Intermediate	10,030	10,279	10,279	
Intergovernmental - State	2,969,521	3,067,138	3,043,151	(23,987)
<b>Total revenue</b>	<u>5,169,867</u>	<u>5,322,042</u>	<u>5,323,924</u>	<u>1,882</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	690,626	686,636	667,242	19,394
Vocational	2,905,519	2,888,734	2,819,842	68,892
Support services:				
Pupil	259,337	257,839	239,776	18,063
Instructional staff	303,781	302,026	305,157	(3,131)
Board of education	66,267	65,884	64,446	1,438
Administration.	384,851	382,628	372,661	9,967
Fiscal	246,768	245,342	239,866	5,476
Operations and maintenance	560,215	556,979	525,293	31,686
Pupil transportation	1,410	1,402	1,402	
Central	93,891	93,349	89,685	3,664
Extracurricular activities	25,951	25,801	22,367	3,434
<b>Total expenditures</b>	<u>5,538,616</u>	<u>5,506,620</u>	<u>5,347,737</u>	<u>158,883</u>
Excess of revenues over (under) expenditures	<u>(368,749)</u>	<u>(184,578)</u>	<u>(23,813)</u>	<u>160,765</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure	295,621	302,951	302,951	
Transfers (out)	(88,511)	(88,000)	(88,000)	
Advances in	165,106	169,200	120,239	(48,961)
Advances (out)	(86,751)	(86,250)	(83,635)	2,615
Proceeds from sale of capital assets	585	600	600	
<b>Total other financing sources (uses)</b>	<u>286,050</u>	<u>298,501</u>	<u>252,155</u>	<u>(46,346)</u>
<b>Net change in fund balance</b>	<u>(82,699)</u>	<u>113,923</u>	<u>228,342</u>	<u>114,419</u>
<b>Fund balance at beginning of year</b>	805,665	805,665	805,665	
<b>Prior year encumbrances appropriated</b>	<u>81,603</u>	<u>81,603</u>	<u>81,603</u>	
<b>Fund balance at end of year</b>	<u><u>\$804,569</u></u>	<u><u>\$1,001,191</u></u>	<u><u>\$1,115,610</u></u>	<u><u>\$114,419</u></u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ADULT EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Tuition	\$432,381	\$459,687	\$478,282	\$18,595
Other local revenues	4,374	4,650	10,246	5,596
Intergovernmental - State	220,777	234,720	229,350	(5,370)
Intergovernmental - Federal	15,015	2,700	2,700	
<b>Total revenue</b>	<u>672,547</u>	<u>701,757</u>	<u>720,578</u>	<u>18,821</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Adult education	690,484	695,680	644,548	51,132
Support services:				
Instructional staff	17,694	17,827	14,236	3,591
Administration	92,662	93,359	87,026	6,333
Operations and maintenance	298	300	300	300
Central	12,556	12,650	2,403	10,247
<b>Total expenditures</b>	<u>813,694</u>	<u>819,816</u>	<u>748,213</u>	<u>71,603</u>
Revenues under expenditures	<u>(141,147)</u>	<u>(118,059)</u>	<u>(27,635)</u>	<u>90,424</u>
<b>Other financing sources:</b>				
Refund of prior year expenditure		13,263	13,263	
Transfers in	82,773	88,000	88,000	
<b>Total other financing sources</b>	<u>82,773</u>	<u>101,263</u>	<u>101,263</u>	
Net change in fund balance	(58,374)	(16,796)	73,628	90,424
<b>Fund balance at beginning of year</b>	58,139	58,139	58,139	
<b>Prior year encumbrances appropriated</b>	<u>29,755</u>	<u>29,755</u>	<u>29,755</u>	
<b>Fund balance at end of year</b>	<u>\$29,520</u>	<u>\$71,098</u>	<u>\$161,522</u>	<u>\$90,424</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Rotary</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents	\$225,966	\$32,026	\$257,992
Receivables:			
Intergovernmental		2,503	2,503
Materials and supplies inventory	98,723	4,130	102,853
Total current assets	324,689	38,659	363,348
Noncurrent assets:			
Capital assets, net		63,227	63,227
Total assets	324,689	101,886	426,575
<b>Liabilities:</b>			
Current:			
Internal loans payable	10,000	25,898	35,898
Accrued wages and benefits	412	7,647	8,059
Pension obligation payable	78	5,053	5,131
Intergovernmental payable	14	73	87
Total liabilities	10,504	38,671	49,175
<b>Net assets:</b>			
Invested in capital assets		63,277	63,277
Unrestricted	314,185	(62)	314,123
Total net assets	\$314,185	\$63,215	\$377,400

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Rotary</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
<b>Operating revenues:</b>			
Tuition and fees		\$63,736	\$63,736
Sales/charges for services		117,050	117,050
Other	425,623		425,623
Total operating revenues	425,623	180,786	606,409
<b>Operating expenses:</b>			
Personal services	12,613	66,594	79,207
Purchased services	38,710	4,307	43,017
Materials and supplies	107,589	151,320	258,909
Other	250,021		250,021
Total operating expenses	408,933	222,221	631,154
Operating income (loss)	16,690	(41,435)	(24,745)
<b>Nonoperating revenues:</b>			
Federal donated commodities		11,754	11,754
Interest revenue		324	324
Grants and subsidies		27,616	27,616
Total nonoperating revenues		39,694	39,694
Change in net assets	16,690	(1,741)	14,949
<b>Net assets at beginning of year (restated)</b>	297,495	64,956	362,451
<b>Net assets at end of year</b>	<u>\$314,185</u>	<u>\$63,215</u>	<u>\$377,400</u>

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Rotary</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from tuition and fees		\$63,919	\$63,919
Cash received from sales/charges for services		117,065	117,065
Cash received from other operations	\$426,133		426,133
Cash payments for personal services	(12,109)	(58,245)	(70,354)
Cash payments for purchased services	(38,710)	(4,510)	(43,220)
Cash payments for materials and supplies	(206,312)	(130,087)	(336,399)
Cash payments for other expenses	(147,626)		(147,626)
Net cash provided by (used in) operating activities	<u>21,376</u>	<u>(11,858)</u>	<u>9,518</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from grants and subsidies		26,833	26,833
Cash payments for internal loans	(10,000)		(10,000)
Net cash provided by (used in) noncapital financing activities	<u>(10,000)</u>	<u>26,833</u>	<u>16,833</u>
<b>Cash flows from investing activities:</b>			
Interest received		324	324
Net cash provided by investing activities		<u>324</u>	<u>324</u>
Net increase in cash and cash equivalents	11,376	15,299	26,675
<b>Cash and cash equivalents at beginning of year</b>	<u>214,590</u>	<u>16,727</u>	<u>231,317</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>225,966</u></u>	<u><u>32,026</u></u>	<u><u>257,992</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	16,690	(41,435)	(24,745)
Adjustments:			
Depreciation		8,445	8,445
Federal donated commodities		11,754	11,754
Changes in assets and liabilities:			
Decrease in accounts receivable	510	198	708
Decrease in materials and supplies inventory	9,323	1,034	10,357
Decrease in accounts payable	(5,644)	(203)	(5,847)
Increase in accrued wages and benefits	412	7,623	8,035
Increase in pension obligation payable	78	832	910
Increase (decrease) in intergovernmental payable	7	(106)	(99)
Net cash provided by (used in) operating activities	<u><u>\$21,376</u></u>	<u><u>(\$11,858)</u></u>	<u><u>\$9,518</u></u>

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER  
VAN WERT COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2004

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	<u>\$24,136</u>
Total assets	<u><u>24,136</u></u>
<b>Liabilities:</b>	
Due to students	<u>24,136</u>
Total liabilities	<u><u>\$24,136</u></u>

*See accompanying notes to the basic financial statements.*

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**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**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 one member each from the two local school districts' boards of education; two members from each city and exempted village school district's boards of education and one 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 non-programmed services. It is staffed by 34 non-certificated employees and 59 certificated full-time teaching personnel, who provide services to 495 students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, foods service, preschool and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organizations' government board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government). The following organizations are described due to their relationship to the Career Center:

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Jointly Governed Organizations**

**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.

**Van Wert Area Schools Consortium Local Professional Development Committee** - The Career Center is a participant in the Van Wert Area Schools Consortium Local Professional Development Committee (the "Committee") which is a regional council of governments established to provide professional education license renewal standards and procedures. The Committee is governed by a board made up of one teacher from Crestview Local School District, one teacher from Lincolnview Local School District, two teachers from Van Wert City School District, three teachers from Vantage Career Center, two teachers collectively from the Western Buckeye Educational Service Center and the Thomas Edison Mental Retardation and Developmentally Disabled, and one principal from the schools of the Consortium with terms of three years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Van Wert City School District, 641 North Jefferson Street, Van Wert.

The Career Center also participates in two group purchasing pools for insurance, described in Note 12.

**B. Fund Accounting**

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

**1. Governmental Funds**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Adult Education** - The Adult Education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries and textbooks.

**Permanent Improvement Fund** - The Permanent Improvement fund is used to account for all transactions related to the acquisition and/or construction of permanent improvements.

**Capital Projects Fund** – The Capital Projects fund is used to accumulate money for one or more capital projects.

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

**2. Proprietary Fund**

Proprietary funds are used to account for the Career Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The Career Centers only proprietary funds are enterprise funds. The following is a description of the Career Center's enterprise funds:

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

**Rotary Fund** - This fund is provided to account for income and expenses made in connection with goods and services provided by the Career Center.

The Career Center also has two nonmajor enterprise funds to account for food service operations and uniform school supply activities. The activities for these nonmajor enterprise funds are accounted for in a single column in the proprietary fund financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Funds**

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

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

**1. Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**2. Fund Financial Statements**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Career Center's enterprise funds are sales for food services and uniform supplies as well as charges for services for rotary activities. Operating expenses for the enterprise funds are personnel costs and purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

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

**1. Revenues - Exchange and Non-exchange Transactions**

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

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**2. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**3. Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

**E. Budgets**

The Career Center is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2004 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.
2. By no later than January 20, the board-adopted budget is filed with the Van Wert County Budget Commission for tax rate determination.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2004.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the object level within the fund level, 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 and object 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. Any revisions that alter the total of any fund and object appropriation must be approved by the Board of Education.
6. 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. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations 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 by the Board prior to June 30, 2004. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control.

**F. Cash and Investments**

To improve cash management, cash received by the Career Center is pooled in a central bank account. 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" on the basic financial statements.

During fiscal year 2004, investments were limited to certificates of deposit, which are reported at cost.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**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. By policy of the Career Center, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$83,942, which includes \$59,412 assigned from other funds.

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

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

**G. Inventory**

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

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2004, the Career Center increased its capitalization threshold from \$500 to \$1,000. The change in capitalization policy was a result of differences in asset costs between the time that the previous policy was adopted and the current fiscal year and due to a perceived lack of future economic benefit to be derived from deferring the costs of smaller capital assets (see note 8). Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Career Center does not possess infrastructure.

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

Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	10 - 20 years
Vehicles	8 years

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2004, 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.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2004, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Fund Balance Reserves**

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a textbook reserve and capital acquisition reserve. These reserves are required by state statute. A schedule of statutory reserves is presented in Note 17.

**Q. Interfund Activity**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2004.

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Changes in Accounting Principles and Restatement of Fund Balance**

For fiscal year 2004, the Career Center has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statements Nos. 37, 38 and 41.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38, modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the Career Center not being able to present budgetary comparison for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The government-wide financial statements show the Career Center's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2003, caused by the implementation of GASB Interpretation No. 6 and the conversion to the accrual basis of accounting.

**Governmental Activities - Fund Reclassification and Restatement of Fund Balance -** Certain funds have been reclassified to properly reflect their intended purpose in accordance with the Standards of GASB Statement No. 34. It was also determined that GASB Interpretation No. 6 had an effect on fund balance as previously reported at June 30, 2003.

The fund reclassifications and the implementation of GASB Interpretation No. 6 had the following effect on the Career Center's governmental fund balances as previously reported:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance June 30, 2003	\$566,258	\$64,508	\$749,501	\$1,362,760	\$9,678	\$2,752,705
Fund reclassifications					20,485	20,485
Implementation of GASB Interpretation No. 6	<u>573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573</u>
Restated fund balance, June 30, 2003	<u>\$566,831</u>	<u>\$64,508</u>	<u>\$749,501</u>	<u>\$1,362,760</u>	<u>\$30,163</u>	<u>\$2,773,763</u>

The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	<u>Total</u>
Restated fund balance, June 30, 2003	\$2,773,763
GASB 34 adjustments:	
Long-term (deferred) assets	193,755
Capital assets	3,828,964
Pension obligation	(4,524)
Long-term liabilities	<u>(438,311)</u>
Governmental activities net assets, June 30, 2003	<u>\$6,353,647</u>

**Business-Type Activities - Fund Reclassification and Restatement of Fund Equity -** Capital assets in the enterprise funds have been restated to reflect the change in the Career Center's capitalization threshold and correction of prior period errors (See Note 2.H.).

	<u>Rotary Fund</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
Fund equity as previously reported	\$297,495	\$12,050	\$309,545
Adjustment for capital assets		<u>52,906</u>	<u>52,906</u>
Restated net assets as of July 1, 2003	<u>\$297,495</u>	<u>\$64,956</u>	<u>\$362,451</u>

**B. Deficit Fund Balances**

Fund balances at June 30, 2004 included the following individual fund deficits:

**Non-major Funds**

EMIS	\$11
Miscellaneous State Grants	3,750
Vocational Education	41,295
Miscellaneous Federal Grants	1

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The Career Center maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of 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.

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

Interim monies 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 or 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;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)**

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 thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument 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 fiscal year-end, the Career Center had \$1,216 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "Equity in Pooled Cash and Cash Equivalents".

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 \$3,570,722 and the bank balance was \$3,725,636 (both amounts include \$3,518,605 in non-negotiable certificates of deposit). Of the bank balance:

1. \$304,383 was covered by federal depository insurance; and
2. \$3,421,253 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 THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)**

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**Investments:** The Career Center's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or securities held by the Career Center. 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, but not in the Career Center's name. The Career Center had no investments (as defined by GASB Statement No. 3) at June 30, 2004.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/Deposits</b>
GASB Statement No. 9	\$3,571,938
Cash on hand	(1,216)
GASB Statement No. 3	<u>\$3,570,722</u>

**5. INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2004 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Nonmajor governmental funds	\$68,651
General	Rotary Fund	10,000
General	Uniform School Supplies fund	25,898
Nonmajor governmental funds	General	3,750

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, only internal balances between governmental funds and business-type activities funds at June 30, 2004 are reported on the Statement of Net Assets.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**5. INTERFUND TRANSACTIONS (Continued)**

- B.** Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund financial statements:

Transfers to Adult Education major fund from:	
General Fund	\$88,000

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

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Career Center. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2004, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Van Wert, Putnam, Paulding, Mercer and Auglaize Counties. The County Auditors periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date tax bills are sent.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**6. PROPERTY TAXES (Continued)**

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004 was \$121,308 in the general fund and \$32,037 in the permanent improvement fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2003 was \$137,654 in the general fund and \$35,971 in the permanent improvement fund.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	<b>2003 Second Half Collections</b>		<b>2004 First Half Collections</b>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 761,169,700	83.94	\$ 770,484,110	84.13
Public utility personal	52,188,860	5.76	54,324,140	5.94
Tangible personal property	<u>93,449,690</u>	<u>10.30</u>	<u>91,063,443</u>	<u>9.93</u>
Total	\$ 906,808,250	100.00	\$ 915,871,693	100.00
Tax rate per \$1,000 of assessed valuation	\$3.80		\$3.80	

**7. RECEIVABLES**

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

<b>Governmental Activities</b>	
Taxes	\$2,379,644
Accounts	9,627
Intergovernmental	61,612
Accrued interest	2,188
<b>Business-Type Activities</b>	
Intergovernmental	<u>2,503</u>
Total receivables	<u><u>\$2,455,574</u></u>

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

**VANTAGE CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**8. CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to changes in the Career Center's capital asset policy (See Note 2.H.), to include land values not reported in the prior year and to correct for errors and omissions in the amounts reported as "Buildings and improvements" in the prior year. See Note 2.H. for detail:

	<b>Balance 06/30/03</b>	<b>Adjustments</b>	<b>Restated Balance 06/30/03</b>
<b>Governmental Activities</b>			
Capital assets, not being depreciated:			
Land	\$45,000	(\$5,000)	\$40,000
Total capital assets, not being depreciated	45,000	(5,000)	40,000
Capital assets, being depreciated:			
Land improvements		168,422	168,422
Buildings and improvements	3,567,903	2,501,297	6,069,200
Furniture and equipment	3,430,654	(638,477)	2,792,177
Vehicles	213,723	(8,875)	204,848
Total capital assets, being depreciated	7,212,280	2,022,367	9,234,647
<i>Less: accumulated depreciation</i>		(5,445,683)	(5,445,683)
Governmental activities capital assets, net	7,257,280	(3,428,316)	3,828,964
<b>Business-Type Activities</b>			
Furniture and equipment	449,229	(201,029)	248,200
<i>Less: accumulated depreciation</i>	(430,463)	253,935	(176,528)
Total	\$18,766	\$52,906	\$71,672

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**8. CAPITAL ASSETS (Continued)**

B. Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<u>Balance 06/30/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/04</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$40,000			\$40,000
Total capital assets, not being depreciated	40,000			40,000
Capital assets, being depreciated:				
Land improvements	168,422			168,422
Buildings and improvements	6,069,200			6,069,200
Furniture and equipment	2,792,177	115,297		2,907,474
Vehicles	204,848	14,500		219,348
Total capital assets, being depreciated	9,234,647	129,797		9,364,444
<i>Less: accumulated depreciation:</i>				
Land improvements	(122,005)	(7,941)		(129,946)
Building and improvements	(3,269,654)	(121,658)		(3,391,312)
Furniture and equipment	(1,912,343)	(191,202)		(2,103,545)
Vehicles	(141,681)	(13,793)		(155,474)
Total accumulated depreciation	(5,445,683)	(334,594)		(5,780,277)
Governmental activities capital assets, net	<u>3,828,964</u>	<u>(204,797)</u>		<u>3,624,167</u>
<b>Business-Type Activities</b>				
Capital assets, being depreciated:				
Furniture and equipment	\$248,200			\$248,200
<i>Less: accumulated depreciation</i>	(176,528)	(8,445)		(184,973)
Total	<u>\$71,672</u>	<u>(\$8,445)</u>	<u>\$0</u>	<u>\$63,227</u>

Depreciation expense was charged to governmental functions as follows:

**Instruction:**

Regular	\$10,479
Vocational	261,476

**Support Services:**

Pupil	60
Instructional staff	7,413
Administration	11,639
Fiscal	1,014
Operations and maintenance	19,449
Pupil transportation	13,543
Operation of non-instructional services	9,381
Extracurricular activities	140
Total depreciation expense	<u>\$334,594</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**9. CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal 2004, the Career Center entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$75,195. This amount represents the fair market value of the copiers at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2004 totaled \$13,653 paid by the Permanent Improvement fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2004:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2005	\$32,826
2006	32,829
2007	32,826
2008	32,829
2009	18,612
Total minimum lease payments	149,922
Less amount representing interest	(24,708)
Total	<u>\$125,214</u>

**10. LONG-TERM OBLIGATIONS**

A. The balance of the Career Center's governmental activities long-term obligations at June 30, 2003 has been restated. The compensated absences liability increased \$17,496 from \$438,013 to \$455,509 due to the implementation of GASB Interpretation No. 6 and the fund reclassifications described in Note 3.A. In addition, pension obligations of \$4,524 at June 30, 2003 are not reported as a component of governmental activities long-term obligations as they are paid within one year of fiscal year-end. Pension obligations are reported separately on the statement of net assets. The effect on the total governmental activities long-term obligations at July 1, 2003 was an increase of \$12,972 from \$442,537 to \$455,509. During the fiscal year 2004, the following changes occurred in governmental activities long-term obligations:

	<u>Restated Balance Outstanding 06/30/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 06/30/04</u>	<u>Amounts Due in One Year</u>
<b>Governmental Activities:</b>					
Capital lease obligations	\$ -	\$ 138,867	\$ (13,653)	\$ 125,214	\$ 23,664
Compensated absences	455,509	107,069	(99,614)	462,964	93,349
Total long-term obligations, governmental activities	<u>\$ 455,509</u>	<u>\$ 245,936</u>	<u>\$(113,267)</u>	<u>\$ 588,178</u>	<u>\$ 117,013</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

The capital lease obligation is being paid from the Permanent Improvement fund (See Note 9). Compensated absences are paid from the fund from which the employee is paid.

**B. Legal Debt Margin**

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

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$82,428,452 and an unvoted debt margin of \$915,872.

**11. EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 190 days for all personnel. An additional 26 days over the 190 days can be accumulated and paid at retirement but not used for sick leave. Upon retirement, payment is made for 25% of accrued sick leave up to 30 days and up to an additional 26 days for a maximum of 56 days.

**B. Early Retirement Incentive**

The District provides an early retirement incentive plan ("plan") for State Teacher's Retirement System of Ohio (STRS) employees who elect to retire during the plans effective period within 90 days after receiving notice from STRS that service credit has been purchased for the employee under the plan. This is a one time opportunity for those eligible to retire between the dates of March 1, 2004 and March 15, 2005. Employees who enroll in the early retirement incentive plan must submit written notification on the appropriate STRS form to the Superintendent no later than March 15, 2004. A retirement notice must be given the Superintendent by April 1, 2004 for those intending to retire at the end of fiscal year 2004 or by April 1, 2005 for those intending to retire at the end of fiscal year 2005. The District had four employees that elected to participate in the early retirement incentive plan during fiscal year 2004. The District's liability at June 30, 2004 was \$334,103, which will be paid during fiscal year 2005. The entire amount will be recorded on the government-wide financial statements as "special termination benefits payable."

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. 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 2003.

**A. Group Purchasing Pools**

**Ohio School Boards Association Group Rating Program (GRP)** - The Career Center participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Ohio School Board Association as a group insurance purchasing pool. The GRP is intended to reduce premiums for the participants. The workers' compensation experience of the participating schools is calculated as one experience and a common premium rate is applied to all schools in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP 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. Each year, the participating schools pays 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 schools 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 City School 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.

**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 retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

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(Continued)**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate of 14% for 2004, 9.09% was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The Career Center's required contribution for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$74,674, \$65,513, and \$103,132, respectively; 100% has been contributed for fiscal years 2004, 2003 and 2002.

**B. State Teachers Retirement System**

The Career Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The Career Center's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$432,153, \$423,002, and \$433,359, respectively; 100% has been contributed for fiscal years 2004, 2003 and 2002.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

**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 partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS 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 pay a portion of the 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 State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the Career Center, this amount equaled \$33,243 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and 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 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.91% 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 2004, the minimum pay has been established at \$25,400. 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.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**14. POSTEMPLOYMENT BENEFITS (Continued)**

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the Career Center, the amount to fund health care benefits, including surcharge, equaled \$53,040 during the 2004 fiscal year.

**15. BUDGETARY BASIS OF ACCOUNTING**

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

**Net Change in Fund Balance**

	<b>General Fund</b>	<b>Adult Education</b>
Budget basis	\$228,342	\$73,628
Net adjustment for revenue accruals	(13,731)	10,380
Net adjustment for expenditure accruals	278,762	(16,807)
Net adjustment for other sources/uses	(339,555)	
Adjustment for encumbrances	23,111	7,318
GAAP basis	\$176,929	\$74,519

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**16. CONTINGENCIES**

**A. Grants**

The Career Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

**B. Litigation**

The Career Center is of the opinion that any current or future claims will either result in a favorable outcome or be covered by current insurance policies, so as not to materially affect the overall financial position of the Career Center.

**C. State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The Career Center is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**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, 2004, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Acquisition</u>
Set-aside cash balance as of June 30, 2003	(\$420,353)	
Current year set-aside requirement	76,046	\$76,046
Current year offsets		
Qualifying disbursements	<u>(231,964)</u>	<u>(346,268)</u>
Total	<u>(\$576,271)</u>	<u>(\$270,222)</u>
Cash balance carried forward to FY 2005	<u>(\$576,271)</u>	<u>\$0</u>

The Career Center had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement of future fiscal years.

Although the Career Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Vantage Career Center  
Van Wert County  
818 North Franklin Street  
Van Wert, Ohio 45891

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Vantage Career Center, (the Center), as of and for the year ended June 30, 2004, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 15, 2005 wherein we noted the Center implemented a new financial report model and changed capital asset capitalization threshold. 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.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted an instance of immaterial noncompliance that we have reported to management of the Center in a separate letter dated February 15, 2005.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Center's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 misstatements in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the Center's management in a separate letter dated February 15, 2005.

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Vantage Career Center  
Van Wert County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 15, 2005

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2003-001	Fixed Assets	Partially	See Management Letter Recommendation Capital Asset Policy / Capital Asset Listing
2003-002	Equipment and Property Management	Yes	





**Auditor of State  
Betty Montgomery**

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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  
MARCH 29, 2005**