



**Auditor of State
Betty Montgomery**

VANTAGE CAREER CENTER
VAN WERT COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

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

We have audited the accompanying general purpose financial statements of the Vantage Career Center, Van Wert County, Ohio (the Center), as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient evidential matter supporting the amount recorded as fixed assets of \$7,257,280 in the General Fixed Asset Account Group due to lack of supporting records, and we were unable to perform other procedures to determine the amounts recorded..

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine the evidence regarding the amounts recorded as fixed assets in the General Fixed Asset Account Group, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Center, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2003 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.

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

December 18, 2003

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**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
ASSETS:			
Equity in pooled cash and cash equivalents -	\$887,268	\$163,050	\$2,097,751
Receivables (net of allowances of uncollectibles):			
Property taxes - current & delinquent	1,939,148		503,379
Accounts	277	11,779	
Accrued interest	903		
Interfund loan receivable	137,403		
Due from other governments		102,814	
Materials and supplies inventory			
Prepayments	23,266		
Restricted assets:			
Property, plant and equipment (net of accumulated depreciation where applicable)			
OTHER DEBITS:			
Amount to be provided for retirement of general long-term obligations			
Total assets and other debits	2,988,265	277,643	2,601,130
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts payable	10,546	3,082	21,461
Accrued wages and benefits	511,372	41,617	
Compensated absences payable	17,771		
Pension obligation payable	64,859	5,287	
Interfund loan payable		91,505	
Deferred revenue	1,801,494	59,023	467,408
Due to other governments	15,965	2,943	
Due to students			
Total liabilities	2,422,007	203,457	488,869
EQUITY AND OTHER CREDITS:			
Investment in general fixed assets			
Contributed capital			
Retained earnings: unreserved			
Fund balances:			
Reserved for encumbrances	37,887	19,055	184,353
Reserved for prepayments	23,266		
Reserved for tax revenue unavailable for appropriation	137,654		35,971
Unreserved-undesignated	367,451	55,131	1,891,937
Total equity and other credits	566,258	74,186	2,112,261
Total liabilities, equity and other credits	\$2,988,265	\$277,643	\$2,601,130

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

Proprietary Fund Type	Fiduciary Funds	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$231,317	\$48,539			\$3,427,925
				2,442,527
708				12,764
				903
				137,403
1,720				104,534
113,210				113,210
				23,266
18,766		7,257,280		7,276,046
			442,537	442,537
<u>365,721</u>	<u>48,539</u>	<u>7,257,280</u>	<u>442,537</u>	<u>13,981,115</u>
5,847				40,936
24				553,013
			438,013	455,784
4,221			4,524	78,891
45,898				137,403
				2,327,925
186				19,094
	28,054			28,054
<u>56,176</u>	<u>28,054</u>		<u>442,537</u>	<u>3,641,100</u>
		7,257,280		7,257,280
19,010				19,010
290,535				290,535
				241,295
				23,266
				173,625
	20,485			<u>2,335,004</u>
<u>309,545</u>	<u>20,485</u>	<u>7,257,280</u>		<u>10,340,015</u>
<u>\$365,721</u>	<u>\$48,539</u>	<u>\$7,257,280</u>	<u>\$442,537</u>	<u>\$13,981,115</u>

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VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types			Fiduciary Fund	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
From local sources:					
Taxes	\$1,927,277		\$477,690		\$2,404,967
Tuition	237,812	371,416			609,228
Earnings on investments	87,327				87,327
Extracurricular		5,614			5,614
Other revenue	68,141	86,904		45,000	200,045
Intergovernmental	3,484,012	746,397	10,634		4,241,043
Total revenue	<u>5,804,569</u>	<u>1,210,331</u>	<u>488,324</u>	<u>45,000</u>	<u>7,548,224</u>
Expenditures:					
Current:					
Instruction:					
Regular	651,323		8,449		659,772
Vocational	2,756,842	156,561	22,025	62,834	2,998,262
Other		731,999			731,999
Support services:					
Pupil	209,269	277,538	3,411		490,218
Instructional staff	494,677	89,599	7,719		591,995
Board of Education	75,684		93,751		169,435
Administration	366,931	12,734	1,222		380,887
Fiscal	245,399		17,811		263,210
Operations and maintenance	500,555	97	8,531		509,183
Pupil transportation	10,010				10,010
Central	68,715	18,504			87,219
Extracurricular activities	631	2,348			2,979
Capital Outlay		5,428	102,702		108,130
Total expenditures	<u>5,380,036</u>	<u>1,294,808</u>	<u>265,621</u>	<u>62,834</u>	<u>7,003,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>424,533</u>	<u>(84,477)</u>	<u>222,703</u>	<u>(17,834)</u>	<u>544,925</u>
Other financing sources (uses):					
Operating transfers in	121,343	23,567	1,362,760		1,507,670
Operating transfers out	(1,386,326)	(116,439)			(1,502,765)
Total other financing sources (uses)	<u>(1,264,983)</u>	<u>(92,872)</u>	<u>1,362,760</u>		<u>4,905</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(840,450)</u>	<u>(177,349)</u>	<u>1,585,463</u>	<u>(17,834)</u>	<u>549,830</u>
Fund balances, July 1	<u>1,406,708</u>	<u>251,535</u>	<u>526,798</u>	<u>38,319</u>	<u>2,223,360</u>
Fund balances, June 30	<u>\$566,258</u>	<u>\$74,186</u>	<u>\$2,112,261</u>	<u>\$20,485</u>	<u>\$2,773,190</u>

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$1,846,417	\$1,846,417				
Tuition	251,472	237,812	(13,660)	420,308	372,991	(47,317)
Earnings on investments	91,325	88,293	(3,032)			
Extracurricular				8,433	5,613	(2,820)
Other revenue	28,560	25,552	(3,008)	114,136	77,465	(36,671)
Intergovernmental	3,493,940	3,484,012	(9,928)	1,004,812	848,148	(156,664)
Total revenues	<u>5,711,714</u>	<u>5,682,086</u>	<u>(29,628)</u>	<u>1,547,689</u>	<u>1,304,217</u>	<u>(243,472)</u>
Expenditures:						
Current:						
Instruction:						
Regular	745,414	638,873	106,541			
Vocational	2,758,463	2,763,245	(4,782)	170,721	170,180	541
Other				878,035	743,902	134,133
Support services:						
Pupil	209,860	202,777	7,083	285,859	267,798	18,061
Instructional staff	485,709	491,559	(5,850)	130,636	98,886	31,750
Board of Education	89,960	76,875	13,085			
Administration	369,898	371,773	(1,875)	11,340	11,340	
Fiscal	229,962	235,496	(5,534)			
Operations and maintenance	540,202	551,909	(11,707)	97	97	
Pupil transportation	11,100	10,010	1,090			
Central	79,204	69,717	9,487	28,827	20,924	7,903
Extracurricular activities	500	31	469	2,348	2,348	
Capital Outlay				5,828	5,828	
Total expenditures	<u>5,520,272</u>	<u>5,412,265</u>	<u>108,007</u>	<u>1,513,691</u>	<u>1,321,303</u>	<u>192,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>191,442</u>	<u>269,821</u>	<u>78,379</u>	<u>33,998</u>	<u>(17,086)</u>	<u>(51,084)</u>
Other financing sources (uses):						
Advances in	260,385	244,354	(16,031)	120,394	120,394	
Advances out	(175,000)	(140,395)	34,605	(244,017)	(238,729)	5,288
Operating transfers in	1,121,343	1,121,343		24,113	24,113	
Operating transfers out	(2,310,071)	(2,386,326)	(76,255)	(116,986)	(116,986)	
Refund of prior year expenditure	5,000	113	(4,887)	1,500	1,500	
Total other financing sources (uses)	<u>(1,098,343)</u>	<u>(1,160,911)</u>	<u>(62,568)</u>	<u>(214,996)</u>	<u>(209,708)</u>	<u>5,288</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(906,901)</u>	<u>(891,090)</u>	<u>15,811</u>	<u>(180,998)</u>	<u>(226,794)</u>	<u>(45,796)</u>
Fund balances, July 1	1,631,633	1,631,633		293,203	293,203	
Prior year encumbrances appropriated	65,122	65,122	-	60,265	60,265	
Fund balances, June 30	<u>\$789,854</u>	<u>\$805,665</u>	<u>\$15,811</u>	<u>\$172,470</u>	<u>\$126,674</u>	<u>(\$45,796)</u>

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

Capital Projects

<u>Budget Revised</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
\$460,033	\$456,692	(\$3,341)
<u>60,190</u>	<u>52,426</u>	<u>(7,764)</u>
<u>520,223</u>	<u>509,118</u>	<u>(11,105)</u>
48,209	49,178	(969)
105,374	106,020	(646)
6,029	6,029	
7,719	7,719	
175,984	116,667	59,317
1,222	1,222	
18,122	17,811	311
513,505	62,592	450,913
<u>102,702</u>	<u>102,702</u>	
<u>978,866</u>	<u>469,940</u>	<u>508,926</u>
<u>(458,643)</u>	<u>39,178</u>	<u>497,821</u>
1,704,044	1,597,345	(106,699)
(234,585)	(234,585)	
19,967	19,967	
<u>1,489,426</u>	<u>1,382,727</u>	<u>(106,699)</u>
1,030,783	1,421,905	391,122
428,115	428,115	
41,917	41,917	
<u>\$1,500,815</u>	<u>\$1,891,937</u>	<u>\$391,122</u>

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating revenues:	
Tuition and fees	\$80,279
Sales/charges for services	120,691
Other	216,451
	<hr/>
Total operating revenues	417,421
	<hr/>
Operating expenses:	
Personal services	71,665
Contract services	57,003
Materials and supplies	270,655
Depreciation	2,416
Other	637
	<hr/>
Total operating expenses	402,376
	<hr/>
Operating income	15,045
	<hr/>
Nonoperating revenues:	
Operating grants	18,012
Federal commodities	11,007
Interest revenue	59
	<hr/>
Total nonoperating revenues	29,078
	<hr/>
Net income before operating transfers	44,123
	<hr/>
Operating transfers out	(4,905)
	<hr/>
Net income	39,218
	<hr/>
Retained earnings, July 1	251,317
	<hr/>
Retained earnings, June 30	290,535
	<hr/>
Contributed capital, June 30	19,010
	<hr/>
Fund equity, June 30	<u>\$309,545</u>

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

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Cash flows from operating activities:	
Cash received from tuition and fees	\$80,096
Cash received from sales/service charges	120,676
Cash received from other operations	363,222
Cash payments for personal services	(71,366)
Cash payments for contract services	(57,243)
Cash payments for materials and supplies	(274,848)
Cash payments for other expenses	(637)
	<hr/>
Net cash provided by operating activities	159,900
	<hr/>
Cash flows from noncapital financing activities:	
Cash received from operating grants	18,269
Cash received from operating transfers in	149,405
Cash used in operating transfers out	(154,310)
Cash received from interfund loans	20,000
Cash payments used in repayment of interfund loans	(5,625)
	<hr/>
Net cash provided by noncapital financing activities	27,739
	<hr/>
Cash flows from investing activities:	
Interest received	59
	<hr/>
Net increase in cash and cash equivalents	187,698
Cash and cash equivalents at beginning of year	43,619
	<hr/>
Cash and cash equivalents at end of year	<u>231,317</u>
	<hr/> <hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	15,045
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,416
Federal donated commodities	11,007
Changes in assets and liabilities:	
Increase in materials and supplies inventory	(262)
Decrease in accounts receivable	146,573
Decrease in accounts payable	(15,302)
Increase in accrued wages and benefits	7
Decrease in compensated absences payable	(472)
Increase in due to other governments	27
Increase in pension obligation payable	861
	<hr/>
Net cash provided by operating activities	<u>\$159,900</u>
	<hr/> <hr/>

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 1 - DESCRIPTION OF THE SCHOOL

The Vantage Career Center (the "Career Center") was created under the provisions of Section 3311.18, of the Ohio Revised Code. The Career Center is operated under a Board of Education consisting of one member each from the two local school district's 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 nonprogrammed services. It is staffed by 33 non-certificated employees and 59 certificated full-time teaching personnel, who provide services to 539 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the Career Center have been prepared in conformity with 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 prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The Career Center's significant accounting policies are described below.

A. Reporting Entity

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

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

The Center is associated with four organizations which are defined as jointly governed organizations and public entity risk pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Plan, Van Wert Area Schools Consortium Local Professional Development Committee and Van Wert Area School Insurance Group (VWASIG). These organizations are presented in Notes 11 and 16 to the general purpose financial statements.

B. Fund Accounting

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

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

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

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUNDS

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Career Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Career Center's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual. There were no accruals for the agency funds at June 30, 2003 that, in another fund type, would be recognized on the combined balance sheet.

ACCOUNT GROUPS

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

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

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

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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VAN WERT COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund types.

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

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, are recorded as deferred revenue.

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The specific timetable for fiscal year 2003 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.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center's Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the object level within fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals. Although the legal level of budgetary control was established at the fund level of expenditures for all funds, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the Career Center.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

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

E. Cash and Investments

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

During 2003, investments were limited to certificates of deposit, which are reported at cost.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2003, totaled \$87,327, which included \$50,468 assigned from other funds of the Career Center.

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

F. Inventory

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

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

G. Prepayments

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

H. Fixed Assets and Depreciation

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

I. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at year-end. There was no capital contributions received by the enterprise funds in 2003. The balance of contributed capital in the enterprise funds at June 30, 2003, was \$19,010.

J. Compensated Absences

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

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

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)**

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

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

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

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

K. Long-Term Obligations

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

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

L. Fund Equity

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

M. Estimates

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

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

P. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2003, included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Management Information Systems	\$ 33
Vocational Education Enhancements	2,491
Miscellaneous State Grants	3,760
Vocational Education	44,681
Miscellaneous Federal Grants	304
 <u>Enterprise Funds</u>	
Uniform School Supplies	11,843

Each of these funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. These deficit balances are caused by the application of GAAP, namely in the reporting of a liability for monies due to other governments, short-term interfund loans and the recording of accrued wages, benefits and pension obligations in accordance with GAAP. These deficit balances will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At year-end, the Career Center had \$1,105 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in pooled cash and cash equivalents", but is not included in the total amount of deposits reported below.

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

Deposits: At year-end the carrying amount of the Career Center's deposits was \$3,426,820 and the bank balance was \$3,433,534 (both amounts include \$3,022,577 in non-negotiable certificates of deposit). Of the bank balance:

1. \$300,000 was covered by federal deposit insurance; and
2. \$3,133,534 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to Section 135.81, 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 District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments: The Career Center's investments are required to be categorized to give an indication of the level of risk assumed by the Career Center at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Career Center or its agent in the Career Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Career Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Career Center's name. The Career Center had no investments (as defined by GASB Statement No. 3) at June 30, 2003.

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

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

A reconciliation between the classifications of cash and cash equivalents per GASB Statement No. 9 on the combined balance sheet and the classifications of deposits presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>
GASB Statement No. 9	\$3,427,925
Cash on hand	<u>(1,105)</u>
GASB Statement No. 3	<u>\$3,426,820</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the Career Center's operating transfers for fiscal year 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 121,343	\$1,386,326
<u>Special Revenue Funds</u>		
Adult Education	20,500	-
Public School Support	567	-
Miscellaneous State Grants	2,500	-
Vocational Education	-	116,439
<u>Capital Projects Fund</u>		
HB 426	1,362,760	-
<u>Enterprise Fund</u>		
Rotary	<u>-</u>	<u>4,905</u>
Totals	<u>\$1,507,670</u>	<u>\$1,507,670</u>

B. Interfund balances at June 30, 2003, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$137,403	\$ -
<u>Special Revenue Funds</u>		
Vocational Education Enhancements	-	4,607
Miscellaneous State Grants	-	3,750
Adult Basic Education	-	10,176
Vocational Education	-	72,672
Miscellaneous Federal Grants	-	300
<u>Enterprise Funds</u>		
Uniform School Supplies	-	25,898
Rotary	<u>-</u>	<u>20,000</u>
Totals	<u>\$137,403</u>	<u>\$137,403</u>

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 6 - PROPERTY TAXES

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

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

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

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current fiscal year operations. The net receivable (total receivable less available advance intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

Taxes available for advance and recognized as revenue, but not received by the Career Center prior to June 30, 2003, are reflected as a reservation of fund balance for future appropriations. The Career Center is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2003, totaled \$137,654 in the general fund, and \$35,971 in the Permanent Improvement capital projects fund.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 6 - PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second- Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$740,737,510	83.07%	\$761,169,700	83.94%
Public Utility Personal	52,241,370	5.86	52,188,860	5.76
Tangible Personal Property	98,677,374	11.07	93,449,690	10.30
Total Assessed Value	<u>\$891,656,254</u>	<u>100.00%</u>	<u>\$906,808,250</u>	<u>100.00%</u>
 Tax rate per \$1,000 of Assessed Valuation	 \$3.80		 \$3.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due from other governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

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

	<u>Amounts</u>
<u>General Fund</u>	
Property taxes - current and delinquent	\$1,939,148
Accounts	277
Accrued interest	903
Interfund loans	137,403
<u>Special Revenue Funds</u>	
Accrued interest	11,779
Due from other governments	102,814
<u>Capital Projects Funds</u>	
Property taxes - current and delinquent	503,379
<u>Enterprise Funds</u>	
Accounts	708
Due from other governments	1,720

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 8 - FIXED ASSETS

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

	<u>Balance July 1, 2002</u>	<u>Increases</u>	<u>Disposals</u>	<u>Balance June 30, 2003</u>
Land/improvement	\$ 45,000	\$ -	\$ -	\$ 45,000
Buildings	3,567,903	-	-	3,567,903
Furniture/equipment	3,235,287	195,367	-	3,430,654
Vehicles	<u>213,273</u>	<u>-</u>	<u>-</u>	<u>213,723</u>
Total	<u>\$7,061,913</u>	<u>\$195,367</u>	<u>\$ -</u>	<u>\$7,257,280</u>

A summary of the proprietary fixed assets at June 30, 2002, follows:

Furniture and equipment	\$ 449,229
Less: accumulated depreciation	<u>(430,463)</u>
Net fixed assets	<u>\$ 18,766</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the year ended June 30, 2003, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values. Compensated absences and the pension obligation payable will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Compensated absences	\$339,097	\$98,916	\$ -	\$438,013
Pension obligation payable	<u>3,279</u>	<u>4,524</u>	<u>(3,279)</u>	<u>4,524</u>
Total long-term obligations	<u>\$342,376</u>	<u>\$103,440</u>	<u>\$(3,279)</u>	<u>\$442,537</u>

B. Legal Debt Margin

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

The effects of these debt limitations for the Career Center at June 30, 2003, are a voted debt margin of \$81,612,743 and an unvoted debt margin of \$906,808.

NOTE 10 - 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.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 10 - COMPENSATED ABSENCES (Continued)

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 25 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 25 days for a maximum of 55 days.

NOTE 11 - RISK MANAGEMENT

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2002.

GROUP PURCHASING POOLS

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

Van Wert Area School Insurance Group (VWASIG) - The Career Center is a member of the VWASIG, a cooperative group of Van Wert County 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 District serves as the fiscal agent.

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Career Center maintains three enterprise funds to account for the operations of food service, uniform school supplies and rotary. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the Career Center as of and for the year ended June 30, 2003.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>Total</u>
Operating revenue	\$120,691	\$ 80,279	\$216,451	\$417,421
Operating expenses before depreciation	141,733	77,900	180,327	399,960
Depreciation	2,273	143	-	2,416
Operating income/(loss)	(23,315)	2,236	36,124	15,045
Nonoperating revenues:				
Operating grants	18,012	-	-	18,012
Donated commodities	11,007	-	-	11,007
Interest	59	-	-	59
Net income/(loss)	5,763	2,236	31,219	39,218
Total assets	28,520	14,055	323,146	365,721
Net working capital	6,803	(13,519)	297,495	290,779
Contributed capital	19,010	-	-	19,010
Total equity	23,893	(11,843)	297,495	309,545
Encumbrances as of June 30, 2003	571	56	28,108	28,735

NOTE 13 - PENSION PLANS

A. 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 to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 13 - PENSION PLANS (Continued)

employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. 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 balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salary and the Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The Career Center's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2003, 2002, and 2001 was \$423,002, \$433,359, and \$392,141, respectively; 100 percent has been contributed for fiscal year 2003, 2002 and 2001.

B. 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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available 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 43215-3746.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9 percent of their annual covered salary and the Career Center was required to contribute an actuarially determined rate. The rate for fiscal year 2003 was 14 percent of annual covered payroll; 8.17 percent was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Career Center's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$65,513, \$103,132, and \$85,090, respectively; 100 percent has been contributed for fiscal year 2003, 2002 and 2001.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 13 - PENSION PLANS (Continued)

C. Social Security System

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

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2003, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount was \$32,539.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,011 million at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000, and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five 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 the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the Career Center, the amount to fund health care benefits, including the surcharge, was \$55,493 for fiscal year 2003.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available), were \$182,946,777, and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

	Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses		
	<u>General Fund</u>	<u>Governmental Fund Types Special Revenue Funds</u>	<u>Capital Projects Fund</u>
Budget basis	\$(891,090)	\$(226,794)	\$1,421,905
Net adjustment for revenue accruals	122,483	(93,886)	(20,794)
Net adjustment for expenditure accruals	(49,374)	(9,881)	(1,495)
Net adjustment for other financing sources/(uses)	(104,072)	116,836	(19,967)
Adjustment for encumbrances	<u>81,603</u>	<u>36,376</u>	<u>205,814</u>
GAAP basis	<u><u>\$(840,450)</u></u>	<u><u>\$(177,349)</u></u>	<u><u>\$1,585,463</u></u>

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized. The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Michael Wildermuth, who serves as Director, at 645 South Main Street, Lima, Ohio, 45804.

B. 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 educator 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 Joint Vocational School District, two teachers collectively from the Western Buckeye Educational Service Center and the Thomas Edison MRDD, 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 Western Buckeye Educational Service Center, 216 E. Central Avenue, Van Wert, Ohio.

NOTE 17 - CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2003.

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.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

NOTE 17 – CONTINGENCIES (Continued)

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 its future State funding and on its financial operations.

NOTE 18 - 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, 2003, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2002	\$(272,091)	\$ -	\$20,338
Current year set-aside requirement	76,046	76,046	-
Current year offsets	-	(95,296)	-
Qualifying disbursements	<u>(224,308)</u>	<u>(141,613)</u>	<u>(20,338)</u>
Carry forward to FY 2004	<u>\$(420,353)</u>	<u>\$ -</u>	<u>\$ -</u>

The negative amount in the textbook and instructional materials reserve may be used to reduce the set-aside requirement for future years. This negative amount is therefore presented as being carried forward to the next fiscal year.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
School Breakfast Program	051672-05PU-2002	10.553	\$475		\$475	
School Breakfast Program	051672-05PU-2003	10.553	1,120		1,120	
Total			1,595		1,595	
National School Lunch Program	015672-LLP4-2002	10.555	2,412		2,412	
National School Lunch Program	015672-LLP4-2003	10.555	13,408		13,408	
Total			15,820		15,820	
Food Distribution	N/A	10.550		11,007		11,007
Total U.S. Department of Agriculture - Nutrition Cluster			17,415	11,007	17,415	11,007
U.S. DEPARTMENT OF EDUCATION						
Direct						
Pell Grant	N/A	84.063	105,101		105,101	
Pell Grant	N/A	84.063	5,334		5,334	
Total			110,435		110,435	
Federal Supplemental Education Opportunity Grant	N/A	84.007	5,000		5,000	
(Passed through Ohio Department of Education)						
Adult Education - State Grant Program	051672-ABS1-2001	84.002	15,517			
Adult Education - State Grant Program	051672-ABS1-2002	84.002	28,506		20,578	
Adult Education - State Grant Program	051672-ABS1-2003	84.002	32,349		13,017	
Total			76,372		33,595	
Title II - Improving Teacher Quality	051672-TRS1-2003	84.367	2,678		2,678	
Vocational Education - Basic Grants to States (A)	FY 03	84.048			39,524	
Vocational Education - Basic Grants to States	051672-20A0-2002	84.048	24,800		24,800	
Vocational Education - Basic Grants to States	051672-20C1-2002	84.048	109,094		1,219	
Vocational Education - Basic Grants to States	015672-20C1-2003	84.048	147,128		173,092	
Total			281,022		238,635	
Title II - Eisenhower Professional Development State Grant	051672-MSS1-2002	84.281	(185)			
Drug Free School Grant	051672-DRS1-2003	84.186	1,435		1,435	
Innovative Educational Program Strategies	051672-C2S1-2003	84.298	2,846		2,846	
Total U.S. Department of Education			479,603		394,624	
Total Federal Assistance			<u>\$497,018</u>	<u>\$11,007</u>	<u>\$412,039</u>	<u>\$11,007</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

(A) - Four County JVS is the fiscal agent for the grant

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -- CHILD NUTRITION CLUSTER

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

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



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of Vantage Career Center, Van Wert County, Ohio, (the Center), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 18, 2003 which was qualified for lack of evidential matter for the General Fixed Asset Account Group fixed assets. 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 performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However we noted certain immaterial instances of noncompliance that we have reported to management of the Center in a separate letter December 18, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all material weaknesses. However, we considered item 2003-001 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Center in a separate letter dated December 18, 2003.

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

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

Betty Montgomery
Auditor of State

December 18, 2003



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Vantage Career Center (the Center) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003. However, we noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the Center in a separate letter dated December 18, 2003.

Internal Control Over Compliance

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

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www.auditor.state.oh.us

**Internal Control Over Compliance
(Continued)**

We noted a certain matter involving the internal control over compliance and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Center's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 2003-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of Center in a separate letter dated December 18, 2003.

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



Betty Montgomery
Auditor of State

December 18, 2003

VANTAGE CAREER CENTER – VAN WERT COUNTY

SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 § .505
 JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS

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

VANTAGE CAREER CENTER – VAN WERT COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003
(Continued)

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

Finding Number	2003-001
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Fixed Assets

The Center had an appraisal as of June 30, 2001, which was dumped into their USAS system. The Center did not verify the accuracy of the appraisal, input their capitalization threshold into the system, balance the appraisal to the USAS system, or perform any other procedures to be able to use the fixed asset listing on the USAS system. The appraisal did not include land, nor did it include the acquisition/historical costs of the buildings. The amounts included in the Center's FY 2003 compilation as GFAAG and Enterprise fixed assets could not be verified to the appraisal or any other record at the Center.

Failure to have documentation to support the land and buildings acquisition/historical cost and a listing of assets to be capitalized for financial statement reporting purposes resulted in the material misstatement of the presentation of fixed assets on the financial statements.

The Center needs to determine the acquisition/historical cost of their land and buildings, perform a physical observation to verify the accuracy of the appraisal report, balance it to the USAS system and update the system with additions and deletions. Procedures should also be implemented to manage the fixed assets in order to keep them updated yearly.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2003-002
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CFDA Title and Number: 84.048 Vocational Education – Basic Grants to State
Federal Award Number/Year: FY 2003
Federal Agency: Department of Education
Pass-Through Agency: Ohio Department of Education

Reportable Condition - Equipment and Property Management

The Center currently does not have a detailed listing of assets that were purchased with Vocational Education grant monies. The Center had an appraisal report as of 6/30/01; however, it was not updated, nor did it include fund which purchased equipment in order to identify Vocational Education grant equipment.

Failure to implement procedures to properly record fixed assets has lead to the lack of a vocational education grant equipment listing, the inability to determine the fair presentation of the fixed assets in the general purpose financial statements, noncompliance with grant guidelines which could affect grant funding, and allows for assets to be more susceptible to misappropriation.

The Center should implement an accounting system to manage fixed assets where the vocational education equipment would be identified and recorded as purchased with grant funds. Procedures should also be followed to keep the inventory records updated annually.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <u>Explain:</u>
2002-10281-001	Ohio Rev. Code Section 5705.13(A) - Reserve balance account	Yes	
2002-10281-002	Ohio Rev. Code Section 5705.09 - Posting revenue to proper funds	Yes	
2002-10281-003	Ohio Rev. Code Section 149.351 - Destruction of records	Partially	Repeated in the management letter. Records were maintained for the last half of FY 2003.
2002-10281-004	Ohio Rev. Code Section 5705.41(B) - Expenditures exceeding appropriations	No	Repeated in management letter
2002-10281-005	Ohio Rev. Code Section 5705.41(D) – Certification of expenditures	Yes	
2002-10281-006	Ohio Rev. Code Section 5705.39 - Appropriation vs estimated resources	Yes	
2002-10281-007	Fixed assets	No	See finding 2003-001
2002-10281-008	Culinary Arts Department Records	Partially	Repeated in management letter. Some records were maintained for the last half of FY 2003.
2002-10281-009	Equipment & Property Management	No	See finding 2003-002

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 §.315 (c)
JUNE 30, 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-001	An updated inventory will be completed which will include a listing of inventory by the fund which purchased the item. The building, vehicles and equipment will be verified and procedures will be put in place to keep the fixed asset records updated.	June 30, 2004	Lori Davis, Treasurer
2003-002	An updated inventory will be completed which will include a listing of inventory by the fund which purchased the item. The building, vehicles and equipment will be verified and procedures will be put in place to keep the fixed asset records updated.	June 30, 2004	Lori Davis, Treasurer



**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
FEBRUARY 5, 2004**