



**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Vanguard-Sentinel Career Centers
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipt and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipt and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

January 22, 2009

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

The discussion and analysis of Vanguard-Sentinel Career Centers' (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets increased \$724,315, which represents a 3.32% increase from 2007.
- General revenues accounted for \$12,258,038, or 78.36% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions account for \$3,384,991 or 21.64% of the total revenues of \$15,643,029.
- The District had \$14,918,714 in expenses related to governmental activities: only \$3,384,991 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,258,038 were adequate to provide for these programs resulting in an increase to net assets from \$21,806,032 to \$22,530,347.
- The District's two major governmental funds are the General Fund and Permanent Improvement Fund. The General Fund had \$14,250,751 in revenues and other financing sources and \$14,184,644 in expenditures and other financing uses. The General Fund's fund balance increased from \$5,177,109 to \$5,243,216. The increase is attributable to spending only 97.66% of the amount appropriated. The Permanent Improvement Fund had \$1,111,100 in revenue and other financing sources and no expenditures. The Permanent Improvement Fund's fund balance increased from \$6,908,674 to \$8,019,774. The balance increased because the District transferred \$1,100,000 from the General Fund.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Vanguard-Sentinel Career Centers as a financial whole, or as an entire operating entity.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in a single column. For Vanguard-Sentinel Career Centers, the General Fund and Permanent Improvement Fund are the most significant funds.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and Permanent Improvement Fund.

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

Report the District's Fiduciary Responsibilities

The District is the fiduciary, for various student managed activity programs, listed as agency. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2008 compared to 2007.

	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Current assets	\$18,695,271	\$17,768,196
Capital assets	9,687,388	10,088,363
	28,382,659	27,856,559
<u>Liabilities</u>		
Current liabilities	4,821,473	4,980,842
Long-term liabilities	1,030,839	1,069,685
	5,852,312	6,050,527
<u>Net Assets</u>		
Invested in capital assets, net of debt	9,654,057	9,988,365
Restricted	195,234	311,679
Unrestricted	12,681,056	11,505,988
	\$22,530,347	\$21,806,032

Total assets increased \$526,100. The majority of the increase was attributable to the District's equity in pooled cash and cash equivalents increasing.

Total liabilities decreased \$198,215. The majority of the change was due to the District retiring debt and a reduction in Deferred Revenue.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

The table below shows the changes in net assets for the fiscal year 2008 compared to 2007.

	Governmental Activities 2008	Governmental Activities 2007
	<hr/>	<hr/>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$818,355	\$1,003,186
Operating grants and contributions	2,566,636	2,639,228
General revenues:		
Property taxes	4,035,788	4,168,245
Grants and entitlements	7,388,032	7,124,749
Investment earnings	693,442	691,330
Miscellaneous	140,776	169,834
	<hr/>	<hr/>
Total revenues	15,643,029	15,796,572
<u>Expenses</u>		
Program Expenses:		
Instruction:		
Regular	193,805	221,133
Special	128,983	120,590
Vocational	9,178,906	9,142,485
Adult/Continuing	587,903	648,609
Support Services:		
Pupils	681,180	625,727
Instructional Staff	764,654	848,097
Board of Education	98,740	57,446
Administration	822,284	822,302
Fiscal	502,569	451,318
Operations and Maintenance	1,672,992	1,559,545
Pupil Transportation	70,999	84,642
Food Service Operations	138,972	140,176
Extracurricular Activities	10,304	10,058
Depreciation – Unallocated	66,423	66,423
	<hr/>	<hr/>
Total expenses	14,918,714	14,798,551
Changes in net assets	724,315	998,021
Ending net assets	<u>\$22,530,347</u>	<u>\$21,806,032</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

Governmental Activities

Net assets of the District's governmental activities increased by \$724,315. Total governmental expenses of \$14,918,714 were primarily offset by program revenues of \$3,384,991 and general revenues of \$12,258,038. Program revenues supported 22.69% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 73.03% of total governmental revenue. Property taxes support 27.05% of total expenses while grants and entitlements supported 49.52% of total expenses. Between these two revenue items, 76.57% of total governmental expenditures were funded.

The largest expense of the District is for vocational programs. Vocational instruction expenses totaled \$9,178,906 or 61.53% of total governmental expenses for fiscal year 2008. Vocational instruction expenses increased \$36,421 due to increases in salaries and supplies.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2008 and 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses:				
Instruction:				
Regular	\$193,805	\$193,805	\$221,133	\$221,133
Special	128,983	128,983	120,590	120,590
Vocational	9,178,906	7,006,510	9,142,485	6,799,963
Adult/Continuing	587,903	(42,450)	648,609	(10,475)
Support services:				
Pupil	681,180	538,092	625,727	437,376
Instructional staff	764,654	588,917	848,097	676,883
Board of Education	98,740	98,740	57,446	57,446
Administration	822,284	793,308	822,302	789,345
Fiscal	502,569	502,569	451,318	451,318
Operations and maintenance of plant	1,672,992	1,563,552	1,559,545	1,454,220
Pupil transportation	70,999	70,999	84,642	84,642
Food Service Operations	138,972	13,971	140,176	(2,785)
Extracurricular activities	10,304	10,304	10,058	10,058
Depreciation - Unallocated	66,423	66,423	66,423	66,423
Total expenses	<u>\$14,918,714</u>	<u>\$11,533,723</u>	<u>\$14,798,551</u>	<u>\$11,156,137</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent as 72.22% of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 77.31%.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$16,730,547 and expenditures and other financing uses of \$15,662,673. The governmental fund balance increased by \$1,067,874 for the year due to receiving more than estimated and spending less than appropriated. The schedule below indicates the fund balance by fund type as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007
General Fund	\$5,243,216	\$5,177,109
Permanent Improvement	8,019,774	6,908,674
All Other Governmental	428,218	537,551
Total	<u>\$13,691,208</u>	<u>\$12,623,334</u>

The General Fund increased because the District expended less than was appropriated. The Permanent Improvement Fund reflected an increase because the District transferred \$1,100,000 from the General Fund.

General Fund Budgeting Highlights

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

During the course of fiscal year 2008, the District amended its General Fund budget as needed. Final budgeted revenues and other financing sources were \$14,451,489 and original budgeted revenues and other financing sources were \$14,356,095. Actual revenues and other financing sources were \$14,416,318.

Final expenditures and other financing uses were budgeted at \$15,134,706 while actual expenditures and other financing uses were \$14,779,785. The \$354,921 difference primarily comes from only spending 97.66% of the appropriated amount. Original appropriations amounted to \$15,100,560.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the District had \$9,687,388 invested in capital assets (net of accumulated depreciation) for governmental activities, a decrease of \$400,975, or 3.97%. The primary decrease in capital assets for governmental activities was the result of depreciation. Additions and disposals were primarily instructional equipment.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

Debt

At June 30, 2008, the District had an outstanding loan, in the amount of \$33,331, the proceeds were used to purchase the Terra Tech campus on Cedar Street and make necessary renovations.

At June 30, 2008, the District's overall legal debt margin was \$247,729,325 with an unvoted debt margin of \$2,752,548.

Current Issues

Vanguard-Sentinel Career Centers remain stable in the state of uncertainty in State funding. The District is primarily a residential/farming community covering nine counties.

Over the past several years, the District has maintained a good financial position. The District has not been on the ballot since 1970 for operating funds. The current five-year forecast indicates the District will not have to request operating funds.

The District is in the first year of a three-year contract with all certified and classified employees. This agreement has an expiration date of June 30, 2010.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jay T. Valasek, Treasurer, Vanguard-Sentinel Career Centers, 1306 Cedar Street, Fremont, Ohio 43420-1197.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Net Assets
June 30, 2008**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 14,198,907
Inventory Held for Resale	9,462
Materials and Supplies Inventory	8,016
Accrued Interest Receivable	234,401
Accounts Receivable	94,465
Intergovernmental Receivable	46,384
Prepaid Items	99,115
Property and Other Local Taxes Receivable	4,004,521
Noncurrent Assets:	
Non-Depreciable Capital Assets	795,737
Depreciable Capital Assets, net	<u>8,891,651</u>
 Total Assets	 <u>28,382,659</u>
 <u>Liabilities:</u>	
Current Liabilities:	
Accounts Payable	64,588
Accrued Wages and Benefits	1,288,260
Intergovernmental Payable	77,366
Deferred Revenue	3,391,259
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	139,181
Due in More Than One Year	<u>891,658</u>
 Total Liabilities	 <u>5,852,312</u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	9,654,057
Restricted for Debt Service	33,331
Restricted for Other Purposes	56,478
Restricted for Expendable Trust	105,425
Unrestricted	<u>12,681,056</u>
 Total Net Assets	 <u>\$ 22,530,347</u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2008**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 193,805			\$ (193,805)
Special	128,983			(128,983)
Vocational	9,178,906	\$ 329,035	\$ 1,843,361	(7,006,510)
Adult/Continuing	587,903	317,142	313,211	42,450
Support Services:				
Pupils	681,180		143,088	(538,092)
Instructional Staff	764,654		175,737	(588,917)
Board of Education	98,740			(98,740)
Administration	822,284		28,976	(793,308)
Fiscal	502,569			(502,569)
Operation and Maintenance of Plant	1,672,992	109,040	400	(1,563,552)
Pupil Transportation	70,999			(70,999)
Food Service Operations	138,972	63,138	61,863	(13,971)
Extracurricular Activities	10,304			(10,304)
Depreciation - Unallocated	66,423			(66,423)
Total Governmental Activities	\$ 14,918,714	\$ 818,355	\$ 2,566,636	\$ (11,533,723)
General Revenues:				
Property taxes, levied for general purposes				4,035,788
Grants and Entitlements not Restricted to Specific Programs				7,388,032
Investment Earnings				693,442
Miscellaneous				140,776
Total General Revenues				12,258,038
Change in Net Assets				724,315
Net Assets Beginning of Year (restated)				21,806,032
Net Assets End of Year				\$ 22,530,347

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2008**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 5,544,595	\$ 8,019,774	\$ 578,285	\$ 14,142,654
Cash and Cash Equivalents in Segregated Accounts	401			401
Inventory Held for Resale			9,462	9,462
Materials and Supplies Inventory			8,016	8,016
Accrued Interest Receivable	234,401			234,401
Accounts Receivable	58,325		36,140	94,465
Interfund Receivable	45,000			45,000
Intergovernmental Receivable			46,384	46,384
Prepaid Items	92,919		6,196	99,115
Property and Other Local Taxes Receivable	4,004,521			4,004,521
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	55,852			55,852
Total Assets	\$ 10,036,014	\$ 8,019,774	\$ 684,483	\$ 18,740,271
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 63,029		\$ 1,559	\$ 64,588
Accrued Wages and Benefits	1,207,194		81,066	1,288,260
Interfund Payable			45,000	45,000
Intergovernmental Payable			77,366	77,366
Deferred Revenue	3,522,575		51,274	3,573,849
Total Liabilities	4,792,798		256,265	5,049,063
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	472,144		14,221	486,365
Reserved for Property Taxes	481,946			481,946
Reserved for Budget Stabilization	55,852			55,852
Unreserved, Designated:				
Designated for Budget Stabilization	560,058			560,058
Unreserved, Undesignated, Reported in:				
General Fund	3,673,216			3,673,216
Special Revenue Funds			380,666	380,666
Debt Service Fund			33,331	33,331
Capital Projects Fund		\$ 8,019,774		8,019,774
Total Fund Balances	5,243,216	8,019,774	428,218	13,691,208
Total Liabilities and Fund Balances	\$ 10,036,014	\$ 8,019,774	\$ 684,483	\$ 18,740,271

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2008**

Total Governmental Fund Balances		\$ 13,691,208
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		9,687,388
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Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds:

Accounts Receivable	\$ 8,895		
Intergovernmental Receivable	42,379		
Property Taxes Receivable	<u>131,316</u>		
			182,590

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

School Facilities Loan Payable	(33,331)		
Compensated Absences Payable	<u>(997,508)</u>		
			<u>(1,030,839)</u>

Net Assets of Governmental Activities		<u>\$ 22,530,347</u>
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See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 4,061,910			\$ 4,061,910
Intergovernmental	9,083,256		\$ 818,316	9,901,572
Interest	693,442		1,071	694,513
Tuition and Fees	71,559		336,774	408,333
Rent	109,040			109,040
Gifts and Donations			6,431	6,431
Customer Sales and Services			180,804	180,804
Miscellaneous	225,783	\$ 11,100	21,038	257,921
Total Revenues	14,244,990	11,100	1,364,434	15,620,524
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	203,253			203,253
Special	128,707			128,707
Vocational	8,483,154		345,025	8,828,179
Adult/Continuing			572,778	572,778
Support Services:				
Pupils	501,868		141,778	643,646
Instructional Staff	575,328		173,098	748,426
Board of Education	98,716			98,716
Administration	786,698		36,872	823,570
Fiscal	492,222			492,222
Operation and Maintenance of Plant	1,731,256		400	1,731,656
Pupil Transportation	68,876			68,876
Food Service Operations			141,411	141,411
Extracurricular Activities	10,304			10,304
Debt Service:				
Principal Retirement			66,667	66,667
Total Expenditures	13,080,382		1,478,029	14,558,411
Excess of Revenues Over (Under) Expenditures	1,164,608	11,100	(113,595)	1,062,113
<u>Other Financing Sources (Uses)</u>				
Transfers In		1,100,000	4,262	1,104,262
Proceeds from Sale of Capital Assets	5,761			5,761
Transfers Out	(1,104,262)			(1,104,262)
Total Other Financing Sources and Uses	(1,098,501)	1,100,000	4,262	5,761
Net Change in Fund Balances	66,107	1,111,100	(109,333)	1,067,874
Fund Balance at Beginning of Year	5,177,109	6,908,674	537,551	12,623,334
Fund Balance at End of Year	\$ 5,243,216	\$ 8,019,774	\$ 428,218	\$ 13,691,208

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2008**

Net Change in Fund Balances - Total Governmental Funds \$ 1,067,874

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:

Capital Outlay - Capital Assets	\$ 288,615	
Depreciation	<u>(687,764)</u>	
		(399,149)

Capital assets removed from the capital asset account on the statement of net assets results in a loss on disposal of capital assets on the statement of activities.

Loss on Disposal of Capital Assets		3,935
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Property Taxes	(26,122)	
Intergovernmental	37,645	
Tuition and Fees	7,047	
Miscellaneous	<u>(5,761)</u>	
		12,809

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

66,667

Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Decrease in Compensated Absences Payable	<u>(27,821)</u>	
		<u>(27,821)</u>

Change in Net Assets of Governmental Activities		<u><u>\$ 724,315</u></u>
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See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual Comparison
General Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 4,127,065	\$ 4,127,065	\$ 4,059,426	\$ (67,639)
Intergovernmental	8,954,661	8,954,661	9,083,256	128,595
Interest	575,000	675,000	677,455	2,455
Tuition and Fees	76,763	76,763	71,559	(5,204)
Rent	110,000	110,000	109,040	(960)
Miscellaneous	356,000	356,000	257,937	(98,063)
Total Revenues	14,199,489	14,299,489	14,258,673	(40,816)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	206,823	215,546	214,870	676
Special	128,290	129,915	128,354	1,561
Vocational	9,055,520	8,986,996	8,775,177	211,819
Support Services:				
Pupils	510,755	509,474	503,207	6,267
Instructional Staff	602,910	615,579	602,299	13,280
Board of Education	158,281	157,785	131,148	26,637
Administration	829,444	806,255	788,909	17,346
Fiscal	499,075	505,391	496,181	9,210
Operation and Maintenance of Plant	2,139,960	1,917,740	1,885,959	31,781
Pupil Transportation	126,002	128,652	94,115	34,537
Extracurricular Activities	17,000	10,400	10,304	96
Total Expenditures	14,274,060	13,983,733	13,630,523	353,210
Excess of Revenues Over/(Under) Expenditures	(74,571)	315,756	628,150	312,394
<u>Other Financing Sources (Uses)</u>				
Transfers In	4,606			
Proceeds from Sale of Capital Assets	500	500	5,761	5,261
Refund of Prior Year Expenditures			384	384
Advances In	151,500	151,500	151,500	
Transfers Out	(675,000)	(1,105,973)	(1,104,262)	1,711
Advances Out	(151,500)	(45,000)	(45,000)	
Total Other Financing Sources and Uses	(669,894)	(998,973)	(991,617)	7,356
Net Change in Fund Balances	(744,465)	(683,217)	(363,467)	319,750
Fund Balance at Beginning of Year	4,740,956	4,740,956	4,740,956	
Prior Year Encumbrances Appropriated	688,185	688,185	688,185	
Fund Balance at End of Year	\$ 4,684,676	\$ 4,745,924	\$ 5,065,674	\$ 319,750

See accompanying notes to basic financial statements

VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY

Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2008

	<u>Agency Fund</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 61,014
Accounts Receivable	<u>227</u>
Total Assets	<u>61,241</u>
<u>Liabilities:</u>	
Accounts Payable	1,940
Due to Students	<u>59,301</u>
Total Liabilities	<u>\$ 61,241</u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Vanguard-Sentinel Career Centers (the District) are a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The District operates under an appointed Board of Education consisting of 15 members. Each participating exempted village, local and city school district with the exception of Fremont City School District has one representative on the Board of Education; Fremont City School District has two representatives on the Board. The District provides educational services as authorized by State statute and/or Federal guidelines.

The District was established in 1965 for the purpose of providing vocational education to students in Sandusky County. Clyde, Fremont, Gibsonburg, and Lakota School Districts were the initial districts. The first students attended the District in September 1968. Port Clinton City School District joined in 1971 and Old Fort in 1975. In 1985, a new building was opened in Tiffin, Ohio to provide vocational education to students in Seneca and Wyandot counties. Member districts of the Sentinel Career Center in Tiffin are: Bettsville, Fostoria, Hopewell-Loudon, Mohawk, New Riegel, Seneca East, Tiffin City and Upper Sandusky schools.

The District serves an area of approximately 1600 square miles with an enrollment of 1,104 students. The District employed 10 administrative and supervisory personnel, 107 certificated employees and 31 non-certificated employees.

Reporting Entity

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

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

The District is associated with certain organizations which are defined as three jointly governed organizations and three group purchasing pools. These organizations include the Northern Ohio Educational Computer Association, Northwest Ohio Educational Research Council, Inc., Cisco Academy of Northwest Ohio, Ohio School Plan, San-Ott Schools Employee Welfare Benefit Association, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Vanguard-Sentinel Career Centers have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are reported in two categories: governmental and fiduciary.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Governmental Funds

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

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

Permanent Improvement Fund - The permanent improvement fund accounts for resources transferred from the General Fund to be used for acquisition, construction, or improvement of capital facilities.

The other governmental funds of the District account for grants and other resources whose uses are restricted to a particular purpose.

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Expenses/Expenditures

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

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

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

F. Cash and Investments

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

During fiscal year 2008, investments were limited to nonnegotiable certificates of deposit, a repurchase agreement and STAR Ohio. Nonnegotiable certificates of deposit and repurchase agreements are valued at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008, was \$693,442 which includes \$444,260 assigned from other funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost, which is determined on a first-in, first-out basis. Inventory is recorded as an expenditure/expense when used.

Inventory consists of resale supplies and donated and purchased food.

I. Restricted Assets

Restricted Assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to create a reserve for budget stabilization.

J. Capital Assets

All of the District's capital assets are general capital assets resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The District maintains a capitalization threshold of two thousand dollars. The District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

<u>Description</u>	<u>Useful Lives</u>
Buildings and Building Improvements	40 years
Furniture, Fixtures, and Equipment	5 - 15 years
Vehicles	5 years

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the government-wide statement of net assets.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the District will compensate the employees for the benefits through time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees with at least twenty years of service or with any amount of service and at least forty-five years of age.

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Net Assets

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

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2008, none of the Districts' net assets were restricted by enabling legislation in the statement of net assets.

O. Fund Balance Reserves and Designations

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for property taxes, encumbrances, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The designation for budget stabilization represents revenue set aside that exceeds statutorily required amounts.

P. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

Q. Extraordinary and Special Items

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

VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Estimates

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 12) have been modified to conform to the new reporting requirements.

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

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

B. Compliance

At June 30, 2008, the following special revenue funds had a deficit fund balance resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

<u>Fund Name</u>	<u>Amount</u>
Adult Basic Literacy Education	\$16
Vocational Grants	31,031
Safe and Drug Free School Grant	120

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$66,107
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2007, Received in Cash FY 2008	788,739
Accrued FY 2008, Not Yet Received in Cash	(774,672)
Expenditure Accruals:	
Accrued FY 2007, Paid in Cash FY 2008	(1,192,270)
Accrued FY 2008, Not Yet Paid in Cash	1,177,304
Advances In	151,500
Advances Out	(45,000)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(535,175)
Budget Basis	<u>(\$363,467)</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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 District, 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.

A. Cash on Hand

At year-end, the District had \$401 in change funds on hand which is included on the financial statements of the District as part of "Cash and Cash Equivalents in Segregated Accounts."

B. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of the District's deposits was \$13,626,142. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$13,541,940 of the District's bank balance of \$13,851,601 was exposed to custodial risk as discussed below, while \$309,661 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

C. Investments

As of June 30, 2008, the District had the following investment and maturity:

Investment type	Balance at Fair Value	Maturity 6 months or less
STAR Ohio	\$38,378	\$38,378
Repurchase Agreement	595,000	595,000
Total Investments	\$633,378	\$633,378

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

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

Credit Risk: Standard & Poor has assigned STAR Ohio an AAA money market rating. The repurchase agreement is collateralized by an FHL Bank Bond. Obligations of the U.S. Government are not considered and do not require disclosure of credit quality.

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

Investment type	Fair Value	% to Total
STAR Ohio	\$38,378	6.06%
Repurchase Agreement	595,000	93.94%
Total Investments	<u>\$633,378</u>	<u>100.00%</u>

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

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

Cash and Investments per footnote

Carrying amount of deposits	\$13,626,142
Investments	633,378
Cash on hand	401
Total	<u>\$14,259,921</u>

Cash and Investments per Statement of Net Assets

Governmental Activities	\$14,198,907
Agency Funds	61,014
Total	<u>\$14,259,921</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 6 - RECEIVABLES

Receivables at June 30, 2008, consisted of accounts (rent and billings for user charged services), intergovernmental, property and other local taxes, interfund, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. All receivables are considered collectible within one year. A summary of the items of receivables reported on the Statement of Net Assets follows:

Governmental Activities:	
Property Taxes	\$4,004,521
Accounts	94,465
Accrued Interest	234,401
Intergovernmental	<u>46,384</u>
Total	<u><u>\$4,379,771</u></u>

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

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of December 31, 2007, the lien date. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 7 - PROPERTY TAXES – (CONTINUED)

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property is currently assessed at 12.5 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from nine counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2008, was \$481,946 in the General Fund. The amount available as an advance at June 30, 2008, was \$479,462, in the General Fund.

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

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

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$2,500,487,770	89.45%	\$2,558,012,050	92.93%
Public Utility	123,096,260	4.40	113,589,010	4.13
Tangible Personal	171,860,354	6.15	80,946,993	2.94
Total Assessed Value	\$2,795,444,384	100.00%	\$2,752,548,053	100.00%
Tax rate per \$1,000 of assessed valuation	\$1.60		\$1.60	

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 8 - CAPITAL ASSETS

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

	Balance at 7/01/07	Additions	Reductions	Balance at 6/30/08
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$795,737			\$795,737
Depreciable Capital Assets				
Buildings and Building Improvements	16,004,563	\$58,642		16,063,205
Furniture, Fixtures, and Equipment	3,804,182	229,973	\$(200,682)	3,833,473
Vehicles	566,507		(9,750)	556,757
Total Depreciable Capital Assets	20,375,252	288,615	(210,432)	20,453,435
Less Accumulated Depreciation				
Buildings and Building Improvements	(7,986,837)	(324,307)		(8,311,144)
Furniture, Fixtures, and Equipment	(2,616,172)	(340,362)	198,856	(2,757,678)
Vehicles	(479,617)	(23,095)	9,750	(492,962)
Total Accumulated Depreciation	(11,082,626)	(687,764)	208,606	(11,561,784)
Depreciable Capital Assets, Net	9,292,626	(399,149)	(1,826)	8,891,651
Governmental Activities Capital Assets, Net	<u>\$10,088,363</u>	<u>\$(399,149)</u>	<u>\$(1,826)</u>	<u>\$9,687,388</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$551,395
Adult	8,429
Support Services:	
Pupils	7,439
Administration	16,618
Fiscal	12,284
Operation and Maintenance of Plant	19,951
Pupil Transportation	2,150
Food Service Operations	3,075
Unallocated	66,423
Total Depreciation Expense	<u>\$687,764</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 9 - INTERFUND ASSETS/LIABILITIES

At June 30, 2008, the General Fund had an interfund receivable, in the amount of \$45,000. Adult Basic Literacy Education, Vocational Education Planning District, Innovative Programs, Safe and Drug Free Schools and Improving Teacher Quality, special revenue funds had interfund payables, in the amount of \$5,000, \$35,000, \$4,000, and \$1,000, respectively, resulting from the provision of cash flow resources from the General Fund until the receipt of grant monies by the special revenue funds.

NOTE 10 - RISK MANAGEMENT

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

Coverage provided by Ohio School Plan:

Buildings and Contents - replacement cost (\$1,000 deductible)	\$40,194,299
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Commercial Auto Coverage

Liability	2,000,000
Uninsured Motorist	1,000,000
Medical Payments	5,000

Educational General Liability

Bodily Injury and Property Damage Limit – Each Occurrence And Sexual Abuse Injury Limit – Each Sexual Abuse Offense	1,000,000
Personal and Advertising Injury Limit – Each Offense	1,000,000
Loss of Electronic Data – Each Incident	50,000
Fire Damage Limit	500,000
Medical Expense – Any One Person Limit	10,000
Any One Accident Limit	10,000
General Aggregate Limit	3,000,000
Products Completed Operations Aggregate Limit	1,000,000

Employee Benefits Liability Coverage Endorsement-Claims Made

Each Offense Limit	1,000,000
Aggregate Limit	3,000,000

Employer's Liability – Stop Gap Coverage Endorsement

Bodily Injury by Accident – Each Accident	1,000,000
Bodily Injury Disease	1,000,000
Bodily Injury by Disease – Each Employee	1,000,000

(Continued)

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 10 - RISK MANAGEMENT – (CONTINUED)

Educational Legal Liability Coverage Form – Claims Made

Errors and Omissions Injury Limit	1,000,000
Errors and Omissions Injury Aggregate Limit	3,000,000
Employment Practices Injury Limit	1,000,000
Employment Practices Injury Aggregate Limit	3,000,000

Excess Liability Coverage

<u>Educational General Liability</u>	
Bodily Injury and Property Damage Limit – Each Occurrence	1,000,000
Personal and Advertising Injury Limit – Each Offense	1,000,000
General Aggregate Limit	1,000,000
Products Completed Operations Aggregate Limit	1,000,000

Employee Benefits Liability - Claims Made

Employee Benefits Injury – Each Offense Limit	1,000,000
Employee Benefits Injury – Aggregate Limit	1,000,000
<u>Educational Legal Liability - Claims Made</u>	
Errors and Omissions Injury Limit	1,000,000
Errors and Omissions Injury – Aggregate Limit	\$1,000,000

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

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

For fiscal year 2008, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$124,714, \$130,940, and \$129,284 respectively; 100 percent has been contributed for fiscal years 2008, 2007, and 2006.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strs.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$920,648, \$939,218, and \$912,495 respectively; 100 percent has been contributed for fiscal years 2008, 2007, and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$5,439 made by the District and \$9,005 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2008, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 12 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$20,536.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$77,447, \$63,255, and \$64,344, respectively; 100 percent has been contributed for fiscal years 2008, 2007, and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, and 2007, were \$8,986, and \$8,909, respectively; 100 percent has been contributed for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$70,801, \$72,267, and \$70,192 respectively; 100 percent has been contributed for fiscal years 2008, 2007, and 2006.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred eighty-five days for teachers and two hundred forty days for classified and administrative personnel. Upon retirement, payment is made for twenty-eight percent (28%) of the value of employee's accrued but unused sick leave days. Employees must have seven years of service in the District.

B. Health Care Benefits

The District provides medical, prescription drug, dental, and life insurance benefits to all employees through the San-Ott Schools Employee Welfare Benefit Association.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during fiscal year 2008 were as follows:

	Balance at 7/01/07	Additions	Reductions	Balance at 6/30/08	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
School Facilities Loan					
FY 1993 0.00%	\$99,998		\$66,667	\$33,331	\$33,331
Compensated Absences Payable	969,687	\$27,821		997,508	105,850
Total Governmental Activities Long-Term Obligations	<u>\$1,069,685</u>	<u>\$27,821</u>	<u>\$66,667</u>	<u>\$1,030,839</u>	<u>\$139,181</u>

FY 1993 School Facilities Loan – On May 31, 1993, the State Board of Education granted a \$1,000,000 interest free loan for the purpose of purchasing the Terra Tech campus on Cedar Street and making necessary renovations. Payments of \$33,333 are made semi-annually beginning March 31, 1994 and maturing on September 30, 2008. The loan will be paid from the Bond Retirement Fund.

Compensated absences will be paid from the General Fund, Food Service, Adult Education, ABLE, and VEPD special revenue funds.

The District's overall debt margin was \$247,729,325 with an unvoted debt margin of \$2,752,548 at June 30, 2008.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 14 - LONG-TERM OBLIGATIONS – (CONTINUED)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2008, were as follows:

Fiscal Year	Principal	Interest	Total
2009	\$33,331		\$33,331

NOTE 15 - SET ASIDES

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2008.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2007			\$55,852
Current Year Set Aside Requirement	\$185,536	\$185,536	
Qualifying Expenditures	(\$185,536)	(\$185,536)	
Balance June 30, 2008			55,852
Amount Carried Forward to Fiscal Year 2009			\$55,852

NOTE 16 - INTERFUND TRANSFERS

During fiscal year 2008, the General Fund made transfers of \$1,100,000 to the Permanent Improvement Fund for future construction projects and \$4,262 to other governmental funds to supplement grant programs.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one 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 and educational service centers. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software packages utilized.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS – (CONTINUED)

The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and 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 on the Board. During fiscal year 2008, the District contributed \$37,300 to NOECA. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

B. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization which serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. During fiscal year 2007, the District contributed \$175 to NOERC. The agent for the Northwest Ohio Educational Research Council, Inc. is Fred Slater, Executive Secretary/Treasurer, P. O. Box 456, Ashland, OH 44805.

C. Cisco Academy of Northwest Ohio

The Cisco Academy of Northwest Ohio (the Academy) was established July 1, 1998, to foster cooperation toward joint training and other joint activities of mutual interest among certain educational entities located in Northwest Ohio. The Academy is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by representatives of the member educational entities. The Academy is governed by a management council consisting of a representative appointed from each participating member educational entity. During fiscal year 2008, the District contributed \$2,000 to the Academy. The Board of Education of the Four County Career Center has been designated fiscal agent for the Academy. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

NOTE 18 - INSURANCE POOLS

A. Ohio School Plan

The District belongs to the Ohio School Plan (Plan), an unincorporated non-profit association providing a formalized, jointly administrated self- insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile and violence coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 18 - INSURANCE POOLS – (CONTINUED)

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

Assets	\$2,646,185	\$1,730,236
Liabilities	1,621,941	941,026
Members' Equity	1,024,244	789,210

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

B. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (GRP) was established as a group purchasing pool.

The Executive Director of OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

C. San-Ott Schools Employee Welfare Benefit Association

The District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association, whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$200,000 and aggregate claims in excess of 120 percent of expected claims.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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

NOTE 19 - CONTINGENCIES

A. Grants

The District 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 are 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 District at June 30, 2008.

B. Litigation

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
(Non-GAAP Basis)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
National School Lunch Program: Non-cash Assistance (Food Distribution)	N/A	10.555	\$ 14,876 <u>49,453</u>	\$ 14,876 <u>49,453</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>64,329</u>	<u>64,329</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Direct Program:</i>				
Federal Pell Grant Program	N/A	84.063	<u>37,485</u>	<u>37,485</u>
<i>Passed Through Ohio Department of Education:</i>				
Adult Education State Grant Program	051458-AB-S1-2008	84.002	<u>131,968</u>	<u>131,968</u>
State Grants for Innovative Programs	051458-C2S1-2007 051458-C2S1-2008	84.298	3,136 <u>375</u> <u>3,511</u>	<u>3,893</u> <u>3,893</u>
Safe and Drug-Free Schools and Communities State Grants	051458-DRS1-2008	84.186	5,100	5,220
Improving Teacher Quality State Grants	051458-TRS1-2007 051458-TRS1-2008	84.367	(1,123) <u>10,183</u> <u>9,060</u>	<u>8,173</u> <u>8,173</u>
Vocational Education Basic Grants to States	VECP11-A2007-085 VECP11-A2008-085	84.048	41,758 <u>297,344</u> <u>339,102</u>	15,017 <u>314,840</u> <u>329,857</u>
Total U. S. Department of Education			<u>526,226</u>	<u>516,596</u>
Total Federal Awards			<u>\$ 590,555</u>	<u>\$ 580,925</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District 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 value of the commodities received.

NOTE D – NEGATIVE RECEIPTS

CFDA #84.367 includes a negative receipt of \$1,123 due to a carryover transfer from project 051458-TRS1-2007 to 051458-TRS1-2008.

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Mary Taylor, CPA

Auditor of State

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

Vanguard-Sentinel Career Centers
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

January 22, 2009



Mary Taylor, CPA

Auditor of State

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

Vanguard-Sentinel Career Centers
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

Compliance

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

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

In our opinion, Vanguard-Sentinel Career Centers complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

January 22, 2009

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Vocational Education – Basic Grants to States 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?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

VANGUARD-SENTINEL CAREER CENTERS

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 10, 2009**