



Dave Yost • Auditor of State

VANTAGE CAREER CENTER
VAN WERT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Vantage Career Center
Van Wert County
818 N. Franklin St.
Van Wert, Ohio 45891

To the Board Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vantage Career Center, Van Wert County, Ohio (the Career Center), as of and for the year ended June 30, 2012, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 Vantage Career Center, Van Wert County, Ohio, as of June 30, 2012, 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 22, 2013, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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

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

Dave Yost
Auditor of State

January 22, 2013

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of the Vantage Career Center (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets of governmental activities increased \$1,315,974 which represents an 4.61% increase from 2011 net assets.
- General revenues accounted for \$8,773,459 in revenue or 79.36% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,282,127 or 20.64% of total revenues of \$11,055,586.
- The Career Center had \$9,739,612 in expenses related to governmental activities; only \$2,282,127 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,773,459 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund, bond retirement fund, building fund, classroom facilities fund and capital projects fund. The general fund had \$7,748,122 in revenues and \$7,027,888 in expenditures and other financing uses. The general fund's fund balance increased \$720,234 from a fund balance of \$2,914,358 to \$3,634,592.
- The bond retirement fund had \$1,460,853 in revenues and \$1,372,698 in expenditures. The bond retirement fund's fund balance increased \$88,155 from \$697,729 to \$785,884.
- The building fund had \$72,607 in revenues and \$6,905,680 in expenditures. The building fund's fund balance decreased \$6,833,073 from \$9,260,345 to \$2,427,272.
- The classroom facilities fund had \$8,251,472 in revenues and \$13,519,658 in expenditures. The classroom facilities fund balance decreased \$5,268,186 from \$10,714,676 to \$5,446,490.
- The capital projects fund had no revenues and \$991,950 in expenditures. The capital projects fund balance decreased \$991,950 from \$3,459,197 to \$2,467,247.

Using the Basic Financial Statements (BFS)

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

The statement of net assets and statement of activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Career Center's most significant funds with all other non-major funds presented in total in one column. In the case of the Career Center, the general fund, bond retirement fund, building fund, classroom facilities fund and capital projects fund are by far the most significant funds, and the only governmental funds reported as major funds.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

The Career Center's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 8. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, bond retirement fund, building fund, classroom facilities fund and capital projects fund.

Governmental Funds

All of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate statement of fiduciary net assets on page 20. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-53 of this report.

The Career Center as a Whole

Recall that the statement of net assets provides the perspective of the Career Center as a whole.

The table below provides a summary of the Career Center's net assets for 2012 and 2011. Certain 2011 numbers have been re-classed to conform with 2012 presentation.

	Net Assets	
	Governmental Activities 2012	Governmental Activities 2011
Assets:		
Current assets	\$22,632,445	\$45,328,196
Capital assets, net	29,390,454	8,151,041
Total assets	52,022,899	53,479,237
Liabilities:		
Current liabilities	4,537,895	6,695,552
Long-term liabilities	17,640,580	18,255,235
Total liabilities	22,178,475	24,950,787
Net Assets:		
Invested in capital assets, net of related debt	17,180,198	5,432,499
Restricted	6,688,512	20,281,997
Unrestricted	5,975,714	2,813,954
Total net assets	\$29,844,424	\$28,528,450

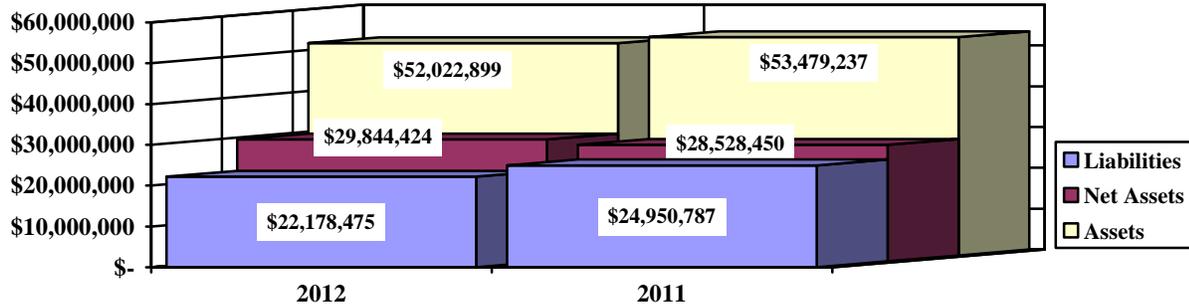
The decreases in current assets and restricted net assets and the increases in capital assets and invested in capital assets, net of related debt are a direct result of the Career Center's ongoing construction projects.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

The table below provides a summary of the Career Center's governmental net assets for 2012 and 2011:

Governmental - Net Assets



The table below shows the change in net assets for fiscal year 2012 and 2011.

Change in Net Assets		
	Governmental Activities 2012	Governmental Activities 2011
Revenues:		
Program revenues:		
Charges for services and sales	\$ 1,240,919	\$ 1,762,097
Operating grants and contributions	1,028,237	1,183,792
Capital grants and contributions	12,971	
General revenues:		
Property taxes	4,064,789	3,873,059
Grants and entitlements	4,494,939	4,636,324
Investment earnings	135,640	146,271
FMV adjustment	37,301	(48,205)
Miscellaneous	40,790	22,122
Total revenues	11,055,586	11,575,460
Expenses:		
Program expenses:		
Instruction:		
Vocational	4,764,129	5,072,456
Adult education	793,604	856,524
Support services:		
Pupil	459,420	544,603
Instructional staff	292,781	279,919
Board of education	127,935	148,010
Administration	475,741	455,891
Fiscal	378,409	405,268
Business	28,380	17,935
Operations and maintenance	633,937	586,657
Pupil transportation	14,877	17,934
Central	554,867	738,373

(Continued)

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

**Change in Net Assets
(Continued)**

	Governmental Activities 2012	Governmental Activities 2011
Operation of non-instructional services:		
Other non-instructional services	9,491	15,097
Food service operations	268,036	257,264
Extracurricular activities	51,260	44,879
Interest and fiscal charges	886,745	813,070
Total expenses	9,739,612	10,253,880
Changes in net assets	1,315,974	1,321,580
Net assets at beginning of year	28,528,450	27,206,870
Net assets at end of year	\$29,844,424	\$28,528,450

The Career Center saw a decrease in expenditures during fiscal year 2012, most significantly in vocational, due primarily to reorganization of personnel and more efficient operations.

Governmental Activities

Net assets of the Career Center's governmental activities increased \$1,315,974. Total governmental expenses of \$9,739,612 were offset by program revenues of \$2,282,127 and general revenues of \$8,773,459. Program revenues supported 23.43% of the total governmental expenses.

The largest source of revenue comes from property taxes and unrestricted grants and entitlements, which account for 77.42% of total governmental revenues. Unrestricted grants and entitlements include monies received from the Ohio Department of Education, State foundation, and property tax relief such as homestead rollbacks and exemptions.

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2012 and 2011.

Governmental Activities - Revenues and Expenses



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 2012 and 2011. It identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

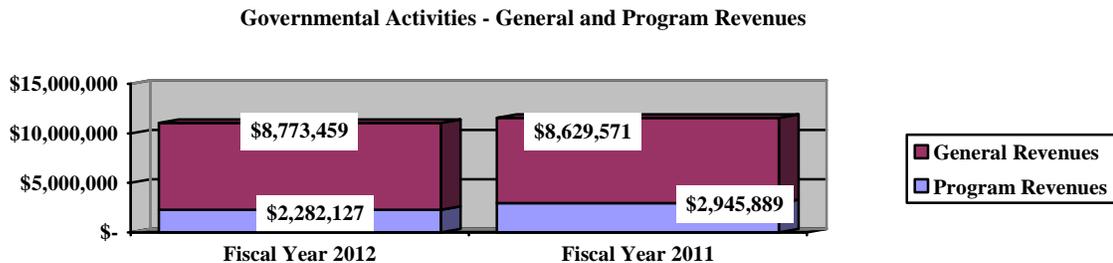
**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Governmental Activities				
	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Program expenses:				
Instruction:				
Vocational	\$4,764,129	\$3,625,852	\$ 5,072,456	\$3,568,177
Adult education	793,604	267,804	856,524	(33,160)
Support services:				
Pupil	459,420	299,538	544,603	369,495
Instructional staff	292,781	279,585	279,919	256,121
Board of Education	127,935	127,935	148,010	148,010
Administration	475,741	410,875	455,891	353,635
Fiscal	378,409	371,423	405,268	403,925
Business	28,380	(95,783)	17,935	17,935
Operations and maintenance	633,937	607,883	586,657	566,033
Pupil transportation	14,877	14,877	17,934	17,934
Central	554,867	552,378	738,373	717,134
Operations of non-instructional services:				
Other non-instructional services	9,491	9,491	15,097	15,097
Food service operations	268,036	47,998	257,264	49,706
Extracurricular activities	51,260	50,884	44,879	44,879
Interest and fiscal charges	886,745	886,745	813,070	813,070
Total expenses	<u>\$9,739,612</u>	<u>\$7,457,485</u>	<u>\$10,253,880</u>	<u>\$7,307,991</u>

The dependence upon tax revenues during fiscal year 2012 for governmental activities is apparent, as 70.06% of 2012 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 76.57% in 2012.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2012 and 2011.



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$16,404,028, which is lower than last year's total of \$28,826,095. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

	<u>Fund Balance June 30, 2012</u>	<u>Fund Balance June 30, 2011</u>	<u>Increase (Decrease)</u>
General	\$ 3,634,592	\$ 2,914,358	\$ 720,234
Bond Retirement	785,884	697,729	88,155
Building	2,427,272	9,260,345	(6,833,073)
Classroom Facilities	5,446,490	10,714,676	(5,268,186)
Capital Projects	2,467,247	3,459,197	(991,950)
Other Governmental	1,642,543	1,779,790	(137,247)
Total	<u>\$16,404,028</u>	<u>\$28,826,095</u>	<u>(\$12,422,067)</u>

General Fund

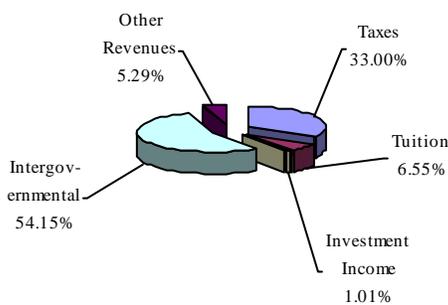
The Career Center's general fund balance increased \$720,234.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

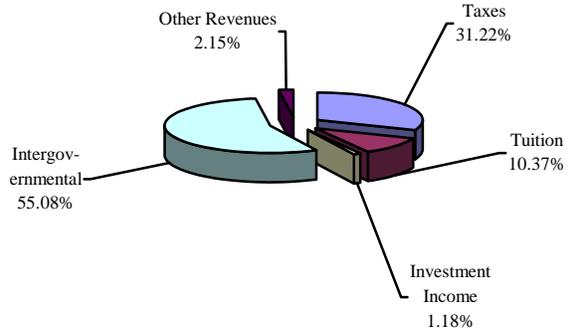
	<u>2012 Amount</u>	<u>2011 Amount</u>	<u>Percentage Change</u>
Revenues:			
Taxes	\$2,556,648	\$2,478,426	3.16%
Tuition	507,565	823,179	(38.34)%
Interest earnings	78,407	94,034	(16.62)%
Intergovernmental	4,195,427	4,371,794	(4.03)%
Other revenues	<u>410,075</u>	<u>170,042</u>	141.16%
Total	<u>\$7,748,122</u>	<u>\$7,937,475</u>	(2.39)%

Tuition decreased during the fiscal year due to a decrease in open enrollment and a decrease in general vocational education revenues. Interest earnings decreased 16.62% due to decreasing interest rates and investment amounts during the year. Other revenue increased due to an increase in charges for services, contributions and donations and contract services. All other revenue remained comparable to the prior fiscal year.

Revenues - Fiscal Year 2012



Revenues - Fiscal Year 2011



**VANTAGE CAREER CENTER
VAN WERT COUNTY**

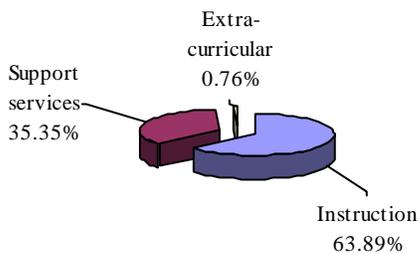
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

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

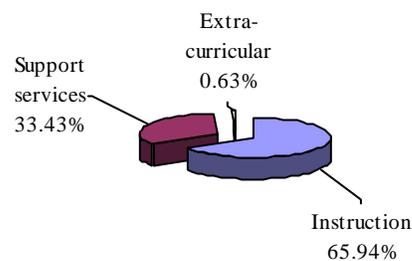
Expenditures:	2012 Amount	2011 Amount	Percentage Change	
Instruction	\$4,260,104	\$4,700,463	(9.37)%	%
Support services	2,356,923	2,383,147	(1.10)%	%
Extracurricular activities	50,821	44,879	13.24%	%
Total	\$6,667,848	\$7,128,489	(6.46)%	%

Instruction expenditures decreased 9.37% during the fiscal year primarily due to a decrease in agricultural and home economics education. Extracurricular activities increased due to an increase in vocational industrial clubs.

Expenditures - Fiscal Year 2012



Expenditures - Fiscal Year 2011



Bond Retirement Fund

The bond retirement fund had \$1,460,853 in revenues and \$1,372,698 in expenditures. The bond retirement fund's fund balance increased \$88,155 from \$697,729 to \$785,884.

Building Fund

The Career Center issued general obligation bonds during fiscal year 2011. During fiscal year 2012 the Career Center had increased expenditures related to the OSFC project. The building fund had \$72,607 in revenues and \$6,905,680 in expenditures. The building fund's fund balance decreased \$6,833,073 from \$9,260,345 to \$2,427,272.

Classroom Facilities Fund

During fiscal year 2011, the Career Center began receiving disbursements for the State share of the project and a portion of the general obligation bonds. During fiscal year 2012 the Career Center had increased expenditures related to the OSFC project. The classroom facilities fund had \$8,251,472 in revenues and \$13,519,658 in expenditures. The classroom facilities fund balance decreased \$5,268,186 from \$10,714,676 to \$5,446,490.

Capital Projects Fund

The capital projects fund had no revenues and \$991,950 in expenditures. The capital projects fund balance decreased \$991,950 from \$3,459,197 to \$2,467,247.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal 2012, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$141,750 higher than original budget estimates of \$7,419,142. Actual revenues and other financing sources were \$7,560,692; this was \$200 lower than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$7,198,018 were decreased to \$7,085,903 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$7,043,539 which was \$42,364 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2012, the Career Center had \$29,390,454 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The following table shows fiscal 2012 balances compared to 2011:

Capital Assets at June 30 (Net of Depreciation)		
	Governmental Activities	
	2012	2011
Land	\$ 40,000	\$ 40,000
Land improvements	19,456	22,498
Building and improvements	1,712,081	1,833,331
Furniture and equipment	2,185,135	1,241,835
Vehicles	45,421	63,993
Construction in progress	25,388,361	4,949,384
Total	\$29,390,454	\$8,151,041

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

Debt Administration

At June 30, 2012 the Career Center had \$33,819 in capital lease obligations outstanding and \$16,915,000 in general obligation bonds payable. Of this total, \$492,246 is due within one year and \$16,456,573 is due in greater than one year. The following table summarizes the general obligation bonds and lease obligations outstanding.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Outstanding Debt, at Year End		
	Governmental Activities 2012	Governmental Activities 2011
General obligation bonds:	\$16,915,000	\$17,370,000
Capital lease obligations	33,819	87,958
Total	\$16,948,819	\$17,457,958

At June 30, 2012 the Career Center's overall legal debt margin was \$88,820,759 with an un-voted debt margin of \$1,166,110.

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

Current Financial Related Activity

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

Our Board of Education and administration closely monitor the financial outlook of the Career Center by forecasting. By utilizing this tool, the Career Center has been able to avoid financial difficulty.

The Career Center's enrollment was stable for fiscal year 2012 and it appears fiscal year 2013 is going to remain. But as the Career Center looks to the future, we could see an enrollment decrease due to the associate schools' enrollment declining. The Board of Education and administration are actively looking at marketing strategies that will keep our enrollment increasing. One of those strategies is the Career Center collaborated with 2 of our associate schools on their career tech programs. This generated more state revenues for the Career Center starting in FY10. Unfortunately, effective FY12 and FY13 the Career Center's state funding was frozen at the amount received in FY11. To offset the effects of no new funding, the Career Center was able to reorganize its personnel to more efficiently operate the Career Center reducing personnel costs. As the Career Center looks to the future, it is actively looking at other ways to offer career technical programs that will serve the needs of our school district.

On November 3, 2009 the district's voters approved a 1.05 mill bond issue to fund additions and renovations to the existing facility. The total project is \$35.7 million and is co-funded by the State of Ohio through the Ohio School Facilities Commission. At this time the project is 70% percent complete with a completion timeline of December 31, 2012.

In closing, the financial outlook for the Career Center at this time is stable. The Board of Education is committed to providing the best possible education. Unfortunately, the Career Center depends highly on state funding and it is uncertain at this time what state funding for education will be included in the State's biennium budget.

Contacting the Career Center's Financial Management

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$10,344,629
Investments	6,470,885
Receivables:	
Taxes	4,377,711
Accounts	17,362
Intergovernmental	1,008,396
Accrued interest	9,616
Prepayments	58,985
Materials and supplies inventory	80,859
Unamortized bond issuance costs	264,002
Capital assets:	
Land and construction in progress	25,428,361
Depreciable capital assets, net	3,962,093
Capital assets, net	29,390,454
Total assets	52,022,899
 Liabilities:	
Accounts payable	52,532
Contracts payable	110,881
Accrued wages and benefits	561,207
Pension obligation payable	82,910
Intergovernmental payable	25,253
Accrued interest payable	70,577
Unearned revenue	3,634,535
Long-term liabilities:	
Due within one year	609,776
Due in more than one year	17,030,804
Total liabilities	22,178,475
 Net Assets:	
Invested in capital assets, net of related debt	17,180,198
Restricted for:	
Capital projects	4,898,657
Classroom facilities maintenance	675,120
Debt service	821,559
State funded programs	1,050
Federally funded programs	29,968
Other purposes	262,158
Unrestricted	5,975,714
Total net assets	\$29,844,424

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER
VAN WERT COUNTY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Vocational	\$4,764,129	\$687,714	\$450,563	(\$3,625,852)
Adult/continuing	793,604	258,140	267,660	(267,804)
Support services:				
Pupil	459,420		159,882	(299,538)
Instructional staff	292,781	1,833	11,363	(279,585)
Board of education	127,935			(127,935)
Administration	475,741	38,135	26,731	(410,875)
Fiscal	378,409	5,674	1,312	(371,423)
Business	28,380	124,163		95,783
Operations and maintenance	633,937	8,329	4,754	\$12,971
Pupil transportation	14,877			(14,877)
Central	554,867	689	1,800	(552,378)
Operation of non-instructional services:				
Other non-instructional services	9,491			(9,491)
Food service operations	268,036	116,242	103,796	(47,998)
Extracurricular activities	51,260		376	(50,884)
Interest and fiscal charges	886,745			(886,745)
Totals	\$9,739,612	\$1,240,919	\$1,028,237	\$12,971

General Revenues:

Property taxes levied for:

General purposes	2,583,903
Debt service	1,013,087
Capital projects	467,799
Grants and entitlements not restricted to specific programs	4,494,939
Investment earnings	135,640
Increase in FMV of investments	37,301
Miscellaneous	40,790
Total general revenues	8,773,459
Change in net assets	1,315,974
Net assets at beginning of year	28,528,450
Net assets at end of year	\$29,844,424

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Equity in pooled cash and cash equivalents	\$3,946,880	\$707,394	\$469,773	\$1,012,576	\$2,467,247	\$1,740,759	\$10,344,629
Investments			1,992,314	4,478,571			6,470,885
Receivables:							
Taxes	2,778,711	1,083,157				515,843	4,377,711
Accounts	4,297		4,702	8,269		94	17,362
Intergovernmental				982,763		25,633	1,008,396
Accrued interest	2,089		2,081	5,446			9,616
Interfund loans	61,050						61,050
Prepayments	45,029			13,956			58,985
Materials and supplies inventory	76,513					4,346	80,859
Total assets	<u>6,914,569</u>	<u>1,790,551</u>	<u>2,468,870</u>	<u>6,501,581</u>	<u>2,467,247</u>	<u>2,286,675</u>	<u>22,429,493</u>
Liabilities:							
Accounts payable	16,532					36,000	52,532
Contracts payable			40,258	70,623			110,881
Accrued wages and benefits	524,810					36,397	561,207
Compensated absences payable	64,441						64,441
Pension obligation payable	71,695					11,215	82,910
Intergovernmental payable	21,487		114	204		3,448	25,253
Interfund loans payable						61,050	61,050
Deferred revenue	274,325	106,252	1,226	984,264		66,589	1,432,656
Unearned revenue	2,306,687	898,415				429,433	3,634,535
Total liabilities	<u>3,279,977</u>	<u>1,004,667</u>	<u>41,598</u>	<u>1,055,091</u>		<u>644,132</u>	<u>6,025,465</u>
Fund Balances:							
Non-spendable:							
Materials and supplies inventory	76,513					4,346	80,859
Prepayments	45,029			13,956			58,985
Restricted:							
Debt service		785,884					785,884
Capital improvements			2,427,272	5,432,534		717,450	8,577,256
Adult education						294,170	294,170
Classroom facilities maintenance						675,120	675,120
Other purposes						1,090	1,090
Committed:							
Capital improvements					2,467,247		2,467,247
Assigned:							
Student instruction	3,758						3,758
Student and staff support	18,257						18,257
Other purposes	353,352						353,352
Unassigned (deficit)	3,137,683					(49,633)	3,088,050
Total fund balances	<u>3,634,592</u>	<u>785,884</u>	<u>2,427,272</u>	<u>5,446,490</u>	<u>2,467,247</u>	<u>1,642,543</u>	<u>16,404,028</u>
Total liabilities and fund balances	<u>\$6,914,569</u>	<u>\$1,790,551</u>	<u>\$2,468,870</u>	<u>\$6,501,581</u>	<u>\$2,467,247</u>	<u>\$2,286,675</u>	<u>\$22,429,493</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

Total governmental fund balances		\$16,404,028
 <i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,390,454
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$430,397	
Accrued interest receivable	3,732	
Intergovernmental receivable	998,527	
Total	1,432,656	1,432,656
Unamortized bond issuance costs are not recognized in the funds governmental activities in the statement of net assets.		264,002
Unamortized premiums on bond issuance costs are not recognized in the funds.		(254,675)
On the statement of net assets, interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.		(70,577)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(16,915,000)	
Capital leases payable	(33,819)	
Compensated absences payable	(372,645)	
Total	(17,321,464)	(17,321,464)
Net assets of governmental activities		\$29,844,424

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General	Bond Retirement	Building	Classroom Facilities	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:							
From local sources:							
Taxes	\$2,556,648	\$998,895				\$460,660	\$4,016,203
Tuition	507,565					305,606	813,171
Earnings on investments	78,407	296	\$67,905	\$33,379			179,987
Charges for services	172,500					116,278	288,778
Classroom materials and fees	19,865						19,865
Extracurricular	689						689
Rental income	2,162					150	2,312
Contributions and donations	58,000						58,000
Contract services	116,069					35	116,104
Other local revenues	40,790		4,702	8,269		1,760	55,521
Intergovernmental - intermediate	28,082						28,082
Intergovernmental - state	4,167,345	154,221		8,209,824		339,032	12,870,422
Intergovernmental - federal		307,441				451,531	758,972
Total revenues	7,748,122	1,460,853	72,607	8,251,472		1,675,052	19,208,106
Expenditures:							
Current:							
Instruction:							
Vocational	4,260,104					523,109	4,783,213
Adult/continuing						788,418	788,418
Support services:							
Pupil	320,012					140,096	460,108
Instructional staff	274,001					13,188	287,189
Board of education	127,935						127,935
Administration	377,223					98,168	475,391
Fiscal	321,401	39,295				15,571	376,267
Business	28,380						28,380
Operations and maintenance	595,426					24,288	619,714
Pupil transportation	1,421						1,421
Central	311,124					244,929	556,053
Operation of non-instructional services:							
Other non-instructional services						85	85
Food service operations						261,567	261,567
Extracurricular activities	50,821					439	51,260
Facilities acquisition and construction			6,905,680	13,519,658	\$991,950		21,417,288
Debt service:							
Principal retirement		455,000				54,139	509,139
Interest and fiscal charges		878,403				8,342	886,745
Total expenditures	6,667,848	1,372,698	6,905,680	13,519,658	991,950	2,172,339	31,630,173
Excess (deficiency) of revenues over (under) expenditures	1,080,274	88,155	(6,833,073)	(5,268,186)	(991,950)	(497,287)	(12,422,067)
Other financing sources (uses):							
Transfers in						360,040	360,040
Transfers (out)	(360,040)						(360,040)
Total other financing sources (uses)	(360,040)					360,040	
Net change in fund balances	720,234	88,155	(6,833,073)	(5,268,186)	(991,950)	(137,247)	(12,422,067)
Fund balances at beginning of year	2,914,358	697,729	9,260,345	10,714,676	3,459,197	1,779,790	28,826,095
Fund balances at end of year	\$3,634,592	\$785,884	\$2,427,272	\$5,446,490	\$2,467,247	\$1,642,543	\$16,404,028

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2012**

Net change in fund balances - total governmental funds (\$12,422,067)

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

Governmental funds report capital outlays as expenditures. However, in 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 exceed depreciation expense in the current period.

Capital asset additions	\$21,784,423	
Current year depreciation	(491,603)	
Total		21,292,820

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities a loss is reported for each disposal. (53,407)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	48,586	
Accrued interest	(7,046)	
Intergovernmental	(8,194,060)	
Total		(8,152,520)

Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

Bonds	455,000	
Capital leases	54,139	
Total		509,139

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest payable	367	
Amortization of bond issuance costs	(10,387)	
Amortization of bond premiums	10,020	
Total		

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 142,009

Change in net assets of governmental activities \$1,315,974

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
From local sources:				
Property taxes	\$2,516,171	\$2,547,500	\$2,547,423	(\$77)
Tuition	489,944	490,716	490,995	279
Earnings on investments	75,000	77,000	77,462	462
Classroom materials and fees	21,792	20,392	19,865	(527)
Rental income	100	100	610	510
Other local revenues	5,000	5,000	18,956	13,956
Intergovernmental - intermediate	31,000	28,000	28,082	82
Intergovernmental - state	4,178,135	4,167,345	4,167,345	
Total revenues	<u>7,317,142</u>	<u>7,336,053</u>	<u>7,350,738</u>	<u>14,685</u>
Expenditures:				
Current:				
Instruction:				
Vocational	4,424,811	4,209,470	4,198,329	11,141
Support services:				
Pupil	339,391	329,423	329,423	
Instructional staff	316,391	295,617	295,617	
Board of education	69,765	161,506	131,033	30,473
Administration	367,531	377,339	377,339	
Fiscal	312,440	320,187	320,187	
Operations and maintenance	598,201	592,891	592,891	
Pupil transportation	3,456	1,657	1,657	
Central	316,842	311,913	311,913	
Extracurricular activities	44,081	52,860	52,860	
Total expenditures	<u>6,792,909</u>	<u>6,652,863</u>	<u>6,611,249</u>	<u>41,614</u>
Excess of revenues over expenditures	<u>524,233</u>	<u>683,190</u>	<u>739,489</u>	<u>56,299</u>
Other financing sources (uses):				
Refund of prior year's expenditures	1,000	17,870	17,870	
Transfers (out)	(322,299)	(361,990)	(361,240)	750
Advances in	100,000	167,000	166,200	(800)
Advances (out)	(82,810)	(71,050)	(71,050)	
Sale of capital assets	1,000	39,969	25,884	(14,085)
Total other financing sources (uses)	<u>(303,109)</u>	<u>(208,201)</u>	<u>(222,336)</u>	<u>(14,135)</u>
Net change in fund balance	221,124	474,989	517,153	42,164
Fund balance at beginning of year	2,934,160	2,934,160	2,934,160	
Prior year encumbrances appropriated	113,648	113,648	113,648	
Fund balance at end of year	<u>\$3,268,932</u>	<u>\$3,522,797</u>	<u>\$3,564,961</u>	<u>\$42,164</u>

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER
VAN WERT COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$37,139
Total assets	<u>37,139</u>
Liabilities:	
Held for employees medical and dental reimbursements	17,451
Due to students	<u>19,688</u>
Total liabilities	<u>\$37,139</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. DESCRIPTION OF THE CAREER CENTER

The Vantage Career Center (the "Career Center") was created under the provisions of Section 3311.18, of the Ohio Revised Code. The Career Center is operated under a Board of Education consisting of 1 member each from the participating districts that are appointed by their Boards of Education. The Board currently consists of 11 members.

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and nonprogrammed services. It is staffed by 33 non-certified employees and 52 certified full-time teaching personnel, who provide services to 574 full-time equivalent students and other community members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, preschool and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's Governing Board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government). The following organizations are described due to their relationship to the Career Center:

Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative (NOACSC)

The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

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

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

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

1. Governmental Funds

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

The following are the Career Center's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of restricted resources and payment of general obligation bond and note principal, interest and related costs.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Building fund - This fund is used to account for monies received and expended in connection with the renovation and construction of Career Center buildings.

Classroom facilities fund - The classroom facilities capital projects fund is used to account for financial resources and expenditures related to the school facilities construction project.

Capital projects fund - A fund used to accumulate money for one or more multiple capital projects.

Other governmental funds of the Career Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

2. Fiduciary Funds

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

C. Basis of Presentation and Measurement Focus

1. Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

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

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions

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

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

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Unearned Revenue and Deferred Revenue

Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue on the fund financial statements.

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

3. Expenses/Expenditures

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

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

E. Budgets

The Career Center is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2012 is as follows:

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

By no later than January 20, the Board-adopted budget is filed with the VanWert County Budget Commission for tax rate determination.

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2012.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the object level within the fund level, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund and object must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

Any revisions that alter the total of any fund and object appropriation must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2012. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control.

F. Cash and Investments

To improve cash management, cash received by the Career Center is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" and "investments" on the basic financial statements.

During fiscal year 2012, investments were limited to negotiable and nonnegotiable certificates of deposits, municipal bonds and U.S. Government money market mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Career Center, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$78,407, which includes \$47,228 assigned from other funds.

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. At fiscal year end, because materials and supplies inventory are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Career Center does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	10 - 20 years
Vehicles	8 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service (including a minimum of 5 years of service with the Career Center); or 20 years' service at any age were considered.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee's retirement/resignation has been incurred by fiscal year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees are paid.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in 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 will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and capital lease obligations are recognized as liabilities on the fund financial statements when due.

L. Fund Balance

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

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There were no net assets restricted by enabling legislation.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Prepayments

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

O. Estimates

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

P. Interfund Activity

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

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 the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

R. Unamortized Issuance Costs/Bond Premium

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the government fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2012, the Career Center has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the Career Center.

B. Deficit Fund Balances

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Non-major funds</u>	<u>Deficit</u>
Food service	\$3,284
Vocational education enhancement	41,266
Vocational education	737

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

4. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that 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.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasury Asset Reserve of Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the Career Center'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.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

A. Cash on Hand

At fiscal year end, the Career Center had \$585 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2012, the carrying amount of all Career Center deposits was \$6,346,515. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$3,890,755 of the Career Center's bank balance of \$7,539,019 was exposed to custodial risk as discussed below, while \$3,648,264 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities in 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 Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

C. Investments

As of June 30, 2012, the Career Center had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
Municipal bonds	\$ 150,522	\$ 150,522	
Negotiable CD's	3,984,277	2,987,050	\$997,227
U.S. Government money market mutual fund	6,370,754	6,370,754	
Total	<u>\$10,505,553</u>	<u>\$9,508,326</u>	<u>\$997,227</u>

The weighted average maturity of investments is 0.13 years.

Interest Rate Risk: Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The Career Center's investment policy places a five year limit on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Career Center's municipal bonds were rated AA and AA2 by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. government money market mutual funds an AA money market rating. The Career Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The municipal bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Municipal bonds	\$ 150,522	1.43
Negotiable CD's	3,984,277	37.93
U.S. Government money market mutual funds	6,370,754	60.64
Total	<u>\$10,505,553</u>	<u>100.00</u>

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

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note:</u>	
Carrying amount of deposits	\$ 6,346,515
Investments	10,505,553
Cash on hand	585
Total	<u>\$16,852,653</u>

<u>Cash and investments per statement of net assets:</u>	
Governmental activities	\$16,815,514
Agency funds	37,139
Total	<u>\$16,852,653</u>

5. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Non-major governmental funds	<u>\$61,050</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

5. INTERFUND TRANSACTIONS (Continued)

- B. Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Non-major governmental funds	<u>\$360,040</u>

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Van Wert, Auglaize, Paulding, Mercer and Putnam Counties. The County Auditors periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$198,704 in the general fund, \$78,490 in the bond retirement fund and \$35,585 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$189,479 in the general fund, \$73,135 in the bond retirement fund and \$33,645 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

6. PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second-Half Collections		2012 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$1,007,431,130	94.50	\$1,106,824,160	94.92
Public utility personal	58,191,630	5.46	59,285,560	5.08
Tangible personal property	497,110	0.04		
Total	\$1,066,119,870	100.00	\$1,166,109,720	100.00
 Tax rate per \$1,000 of assessed valuation		\$4.85		\$4.85

7. RECEIVABLES

Receivables at June 30, 2012 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, 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. A summary of the principal items of receivables reported on the statement of net assets follows:

<u>Governmental activities:</u>	
Taxes	\$4,377,711
Accounts	17,362
Intergovernmental	1,008,396
Accrued interest	9,616
Total receivables	<u><u>\$5,413,085</u></u>

Receivables have been disaggregated on the face of the financial statements. All receivables, except for \$982,763 of intergovernmental grants due from the Ohio Schools Facilities Commission (OSFC), are expected to be collected in the subsequent year. The OSFC grant amount will be collected over the life of the construction project.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 06/30/2011	Additions	Deductions	Balance 06/30/2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 40,000			\$ 40,000
Construction in progress	4,949,384	\$20,438,977		25,388,361
Total capital assets, not being depreciated	<u>4,989,384</u>	<u>20,438,977</u>		<u>25,428,361</u>
Capital assets, being depreciated:				
Land improvements	209,596			209,596
Buildings/improvements	6,077,255			6,077,255
Furniture/equipment	4,201,407	1,345,446	(\$123,071)	5,423,782
Vehicles	304,987			304,987
Total capital assets, being depreciated	<u>10,793,245</u>	<u>1,345,446</u>	<u>(123,071)</u>	<u>12,015,620</u>
Less: accumulated depreciation:				
Land improvements	(187,098)	(3,042)		(190,140)
Buildings/improvements	(4,243,924)	(121,250)		(4,365,174)
Furniture/equipment	(2,959,572)	(348,739)	69,664	(3,238,647)
Vehicles	(240,994)	(18,572)		(259,566)
Total accumulated depreciation	<u>(7,631,588)</u>	<u>(491,603)</u>	<u>69,664</u>	<u>(8,053,527)</u>
Governmental activities capital assets, net	<u>\$8,151,041</u>	<u>\$21,292,820</u>	<u>(\$ 53,407)</u>	<u>\$29,390,454</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$431,381
Adult education	5,945
Support services:	
Pupil	117
Instructional staff	3,480
Administration	4,812
Fiscal	1,165
Operations and maintenance	15,808
Pupil transportation	13,456
Other non-instructional services	9,406
Extracurricular activities	6,033
Total depreciation expense	<u>\$491,603</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

9. CAPITAL LEASES - LESSEE DISCLOSURE

In previous years the Career Center entered into capitalized leases for a mailing machine and copier equipment. These lease agreements meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Copier equipment with a net present value of \$366 has not been capitalized since the asset does not meet the Career Center's capitalization threshold. Capital assets consisting of a mailing machine and copier equipment have been capitalized in the amount of \$242,104. This amount represents the fair market value of the copiers at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2012 was \$204,052, leaving a book value of \$38,052. Principal payments in fiscal year 2012 totaled \$52,145 paid by the permanent improvement fund (a non-major governmental fund) and \$1,994 paid by the adult education fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2012:

Fiscal Year Ending June 30,	Amount
2013	\$33,472
2014	1,573
Total minimum lease payments	35,045
Less: amount representing interest	(1,226)
Total	\$33,819

10. LONG-TERM OBLIGATIONS

A. During fiscal year 2012, the following activity occurred in long-term obligations:

	Balance Outstanding 06/30/2011	Additions	Reductions	Balance Outstanding 06/30/2012	Amounts Due in One Year
Governmental activities:					
General obligation bonds	\$17,370,000		(\$455,000)	\$16,915,000	\$460,000
Capital lease obligations	87,958		(54,139)	33,819	32,246
Compensated absences	532,582	\$60,428	(155,924)	437,086	117,530
Total long-term obligations, governmental activities	\$17,990,540	\$ 60,428	(\$665,063)	17,385,905	\$609,776
				254,675	
				\$17,640,580	

Compensated absences are paid from the funds from which salaries are paid which include the general fund, adult education fund (a nonmajor governmental fund) and the vocational education fund (a non-major governmental fund).

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

General obligation bonds - On August 8, 2010, the Career Center issued general obligation bonds (Series 2010, School Facilities Improvement Bonds) for construction and renovation of Career Center buildings as part of the Ohio School Facilities Commission project. These bonds are general obligations of the Career Center, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds will be recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets.

This issue is comprised of serial and term bonds, par value \$8,264,000 and \$9,605,000, respectively, present value \$17,869,000 at August 8, 2010.

Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated on this issue is December 1, 2037. The bonds bear an annual interest rate of 0.600 percent to 6.37 percent.

The term bonds due December 1, 2027 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2026	<u><u>\$640,000</u></u>

Unless otherwise called for redemption, the remaining \$665,000 principal amount of the bonds due December 1, 2027 is to be paid at stated maturity.

The term bonds due December 1, 2029 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2028 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2028	<u><u>\$690,000</u></u>

Unless otherwise called for redemption, the remaining \$720,000 principal amount of the bonds due December 1, 2029 is to be paid at stated maturity.

The term bonds due December 1, 2031 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2030 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2030	<u><u>\$745,000</u></u>

Unless otherwise called for redemption, the remaining \$775,000 principal amount of the bonds due December 1, 2031 is to be paid at stated maturity.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

The term bonds due December 1, 2033 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2032 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2032	<u>\$805,000</u>

Unless otherwise called for redemption, the remaining \$840,000 principal amount of the Bonds due December 1, 2033 is to be paid at stated maturity.

Principal and interest payments to retire the long-term obligations are as follows:

<u>Fiscal Year Ended</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 460,000	\$ 873,252	\$ 1,333,252
2014	465,000	866,309	1,331,309
2015	470,000	856,952	1,326,952
2016	475,000	845,134	1,320,134
2017	485,000	831,024	1,316,024
2018 - 2022	2,590,000	3,866,807	6,456,807
2023 - 2027	3,005,000	3,208,501	6,213,501
2028 - 2032	3,595,000	2,268,514	5,863,514
2033 - 2037	4,380,000	1,034,497	5,414,497
2038	990,000	31,556	1,021,556
Total	<u>\$16,915,000</u>	<u>\$14,682,546</u>	<u>\$31,597,546</u>

The Career Center had \$4,728,870 in unspent bond proceeds at June 30, 2012.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$88,820,759 and an unvoted debt margin of \$1,166,110.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. A limited amount of staff who earn vacation benefits are able to buy-out 5 days of their vacation balance each year of their contract. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for 25% of 140 of the accrued sick leave days up to 35 days. Prior to July 1, 2007, incentive days could be earned based on the number of unused sick days in a school year. Employees who accumulated incentive days prior to July 1, 2007, will retain those days but not be able to earn more days after July 1, 2007. Upon retirement, payment is made on incentive days up to a maximum of 29 days.

12. RISK MANAGEMENT

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2011.

A. Group Purchasing Pools

CompManagement Group Rating Program (GRP)

The Career Center participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established as a group insurance purchasing pool. The GRP is intended to reduce premiums for the participants. The workers' compensation experience of the participating schools is calculated as one experience and a common premium rate is applied to all schools in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. Each year, the participating schools pay an enrollment fee to the GRP to cover the costs of administering the program.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

12. RISK MANAGEMENT (Continued)

Schools of Ohio Risk Sharing Authority

The Career Center participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the Career Center's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

Van Wert Area School Insurance Group (VWASIG)

The Career Center is a member of the VWASIG, a cooperative group of Van Wert County schools established to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Anthem Blue Cross Blue Shield through a Third Party Administrator, Pinnacle Advisory Group. Van Wert City School serves as the fiscal agent.

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

13. PENSION PLANS

A. School Employees Retirement System

Plan Description - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a 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 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 Career Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$127,677, \$124,289 and \$130,394, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

13. PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

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.

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 fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$444,766, \$501,760 and \$511,657, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$18,500 made by the Career Center and \$13,214 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

14. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$19,872, \$15,049 and \$24,743, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$7,540, \$7,998 and \$7,754, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

14. POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The Career Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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, under "Publications" 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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$34,213, \$39,858 and \$39,358, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

15. BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

15. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Balance	
	General fund
Budget basis	\$517,153
Net adjustment for revenue accruals	32,004
Net adjustment for expenditure accruals	19,638
Net adjustment for other sources/uses	(15,704)
Funds budgeted elsewhere *	146,092
Adjustment for encumbrances	21,051
GAAP basis	\$720,234

* Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the endowment fund, special rotary fund and the public school support fund.

16. CONTINGENCIES

A. Grants and ADM

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

B. Litigation

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

17. SET-ASIDES

The Career Center is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

17. SET-ASIDES (Continued)

	Capital Improvements
Set-aside balance June 30, 2011	
Current year set-aside requirement	\$94,970
Current year offsets	(568,047)
Total	(\$473,077)
Balance carried forward to fiscal year 2013	\$ 0
Set-aside balance June 30, 2012	\$ 0

18. CONTRACTUAL COMMITMENTS

As a result of the Ohio Schools Facilities Project that was in progress at June 30, 2012, the Career Center had the following outstanding contractual commitments at fiscal year end:

Vendor	Contract Amount	Change Orders	Amount Paid	Balance of Contract
Kessler Sign	\$ 42,639		\$ 21,320	\$ 21,319
Continental Office	79,234			79,234
Innovative Office	345,796	\$ 13,454	13,454	345,796
Tom Sexton	629,619	(141)		629,478
Ennis Roberts Fisher	30,000		25,513	4,487
RD Jones	79,500		78,220	1,280
Innovative Office Addtl	45,558			45,558
E Lee Construction	236,960			236,960
Total Environmental	309,100	10,284	260,699	58,685
PlayWorld	24,999		18,173	6,826
NuWave	85,500	1,143	61,542	25,101
Logos	360,000		340,897	19,103
Esco	638,198	25,392	520,643	142,947
Gilbane	1,258,959	41,818	972,244	328,533
Burkett	537,500	7,710	496,194	49,016
Garmann/Miller	2,060,856	48,252	1,988,126	120,982
PacVan	44,700		39,585	5,115
Ohio Plumbing	1,529,000	54,705	1,342,250	241,455
Vulcan Fire	327,301	16,547	198,787	145,061
Woolace	3,608,640	164,040	2,949,643	823,037
Ohio Roofing	1,369,272	18,546	1,099,688	288,130
Slagle Mechanical	3,691,000	122,978	3,021,684	792,294
WA Sheets	13,285,000	282,769	9,743,968	3,823,801
Brewer Garrett	113,718		103,525	10,193
Total	\$30,733,049	\$807,497	\$23,296,155	\$8,244,391

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

19. OTHER COMMITMENTS

The Career Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Career Center's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General	\$ 21,875
Building	2,410,190
Classroom facilities	5,496,385
Capital projects	685,561
Other governmental	43,185
Total	<u>\$8,657,196</u>



Dave Yost • Auditor of State

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

Vantage Career Center
Van Wert County
818 N. Franklin St.
Van Wert, Ohio 45891

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 Vantage Career Center, Van Wert County, (the Career Center) as of and for the year ended June 30, 2012, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 22, 2013. 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 Career Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Career Center's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 did note certain matters not requiring inclusion in this report that we reported to the Career Center's management in a separate letter dated January 22, 2013.

We intend this report solely for the information and use of audit committee, management, board of education, federal awarding agencies and pass-through entities, and others within the Career Center. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

January 22, 2013



Dave Yost • Auditor of State

VANTAGE CAREER CENTER

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 26, 2013